

New York City and vicinity: Fair and cool, with high in upper 60s. Moderate northerly winds. Yesterday's temperature range to 9 p.m.: High 71, low 55.

THE WALL STREET JOURNAL.

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Arkansas & Schools

Race Uproar May Speed Integration Elsewhere; Southern Leaders Say

Threat of Troops May Lead Other Governors to Work Harder for Solutions

But Extremists Are Bitter

BY LESTER TANZER

Staff Reporter of THE WALL STREET JOURNAL
"When Federal troops marched into Little Rock, it established dramatically the inevitability of integration. Emotions may be aroused now. And it will certainly take time. But I think it will be easier, in not too long a time, for thoughtful people to sit down and work out some long-range plan for gradual integration."

This somewhat surprising view of the eventual effects of the blow-up in Arkansas comes, not from an ardent Northern backer of school integration, but from a Southern governor. Furthermore, he's far from alone in Dixie in his opinion.

A number of influential governors, state legislators and other officials of states from Texas across to Florida and Virginia believe that once the initial bitterness about U.S. troops in Little Rock diminishes, the day of ultimate school integration in the South may be advanced. This belief even is held by a number of avowed segregationists, whose private opinions often belie their public statements.

Federal Government Determination

These prophets reason that the "inevitability of integration" is underscored by the Federal Government's determination to back up with force the orders of Federal district courts carrying out the Supreme Court's integration decree. And some add that "responsible Southerners" will shrink from any threat of new Little Rock-type violence.

"Nothing helps integration along as much as the kind of mob rule you had in Little Rock," reasons a Tennessee official. "There's always a reaction sooner or later. It sets people thinking that maybe integration, as much as they dislike it, is better than violence after all."

A Georgia segregationist, who claims integration in his state is still at least a decade away, concedes, nevertheless: "What Faubus has done will accelerate integration's coming to Georgia by five years." He figures the Arkansas governor's actions brought on the use of troops to enforce integration, and that this sets a precedent that every other Southern governor must ponder in any effort to maintain segregation.

Very Salutary Effect

High Eisenhower Administration officials echo much the same line. "I think the people are going to begin to think in terms of law and order," reasons a top Administration aide. He argues that Mr. Eisenhower's action in Little Rock shows the President "means business, as far as seeing integration plans of the district courts are carried out." Ultimately, this official figures, "it might have a very salutary effect on the whole situation."

The groundwork for gradual integration could be laid as early as next week when five Southern governors meet with the President in an effort to get Federal troops out of Little Rock as soon as possible. Mr. Eisenhower has said he'd like to discuss the broader aspects of integration and at least the moderates among the governor's group—Tennessee's Frank Clement, Florida's LeRoy Collins and North Carolina's Luther Hodges—have indicated they'd be willing.

Though many Southerners predict events of this week will hasten the day of complete school integration, they're equally emphatic in contending that Federal intervention in Little Rock will make integration more difficult in the immediate future. They size up Dixie's mood this way: The use of bayonet-wielding troops to escort Negroes into a previously all-white school has aroused widespread antagonism; Governor Faubus' open defiance of the Federal court will incite extreme segregationists in other states to similar forcible resistance; bitterness spurred at Little Rock will spread, at least temporarily, to many Southerners of more moderate leanings.

Tougher Crackdown

But the prospect is that the Arkansas episode will cause state officials to crack down harder on the increased violence that could incite. They also are expected to use their influence more to work out gradual integration than to obstruct it.

The view that the fracas at Little Rock may speed up eventual integration naturally is by no means unanimous among Southern officials. Some ardent segregationists won't admit to any such prospect, at least as far as their own states are concerned.

"It won't make a bit of difference what happens in Little Rock," a South Carolina states blunty. "We'll sell the public schools to private hands before we integrate. You'll see schools destroyed before the races are mixed."

A Georgia lawmaker vows: "There'll be no integration in Georgia in this generation. If they send in troops, we'll fight them in the counties, in the towns and on the city streets." However, he won't make any predictions about the next generation.

Though such views are expressed by a minority of those Southern officials canvassed, even those seeing speedup in ultimate school integration acknowledge that it's going to be a long and painful process, perhaps punctuated by further outbreaks of violence. Different states will travel the road to integration at different gaits.

In such Deep South states as Mississippi, South Carolina, and Alabama, few folks admit publicly the day ever will come when white and Negro children will sit down in the same classroom. Though officials may not go so far privately, there's still little doubt these will be among the last states to depart from school segregation.

Since the Supreme Court outlawed segregated schools in May of 1954, a start toward integration has been made in quite a few

What's News—

Business and Finance

MACHINE TOOL orders last month declined to \$44.6 million. This was down 20% from July and roughly 50% below August, 1956. The figures heightened uncertainty among machine tool builders regarding their autumn business prospects. Early this year, they had been counting on a substantial upturn in incoming business, come fall. But a survey of 30 companies shows most now have relinquished hope of such a development. They ascribe the lag in tool orders to over-expansion in some industries and growing doubts regarding business prospects generally.

Britain and Germany meant it when they announced they weren't going to change the value of their currencies, asserted Per Jacobsson, managing director of the International Monetary Fund. He made the statement as the free world's finance managers wound up their annual meeting in Washington. There were reports from Bonn early this week that both German and non-German authorities there agreed privately that sooner or later the present currency snarls would lead to revamping of Europe's exchange rates.

Steel's scrap prices continue soft in Pittsburgh, reflecting lagging demand from steel mills. The decline that started in August has taken quotations down near the lows of the year and dealers feel there's nothing in sight to indicate an early reversal. Steel producers say present scrap inventories are more than adequate for current operations. Jittery scrap markets, trade sources declare, stem partly from the steel makers' increasing use of hot-metal iron and of scrap generated in their own operations, or sent directly back to them by customers.

Auto dealers probably will retail about six million new cars this year and the total "may rise above the six million mark" in 1958, predicted L. L. Colbert, president of Chrysler Corp. Next year's auto market, he explained, will be aided by the fact that a large proportion of the people who bought cars on the instalment plan in 1955 will have completed payments, putting them in position to take on new instalment obligations.

Loans to business by big New York City banks were reduced \$108 million in the week ended Wednesday. The contra-seasonal drop compared with a \$58 million increase in the like 1956 period. These loans are now down \$180 million since June 30. In the year-earlier interval, they expanded \$624 million.

Cotton cloth mill operations display cross currents. Berkshire Hathaway, Inc., Providence, R.I., announced it is reopening three textile plants that produce fine grade cotton goods. But Womble Mills, Inc., Dan River Mills subsidiary, disclosed two of its three cotton print cloth mills are cutting back to five days a week—from six.

Fisher Body division of General Motors reached an agreement with the United Auto Workers, ending an eight-day strike at its Mansfield, Ohio, stamping plant. G.M. still faces two other strikes, one at its transmission plant, Muncie, Ind., and another at a stamping plant in Marion, Ind. Parts shortages resulting from these walkouts have idled 28,000 G.M. employees.

Company Notes—
Armcro Steel Corp.—Present orders assure "good operations" through December 15, at least, said R. L. Gray, president. Armcro now expects fourth quarter production to average 90% or more, compared with 84% in the third quarter.

Northern Pacific Railway—Increased the quarterly dividend from 45 cents to 50 cents. R. S. Macfarlane, president, said the road's eight-month net rose to \$2.64 a share—highest since 1919.

Phillips Petroleum Co.—Paul Endacott, president, said four million to five million tons of uranium ore have been located on the company's 1,280-acre mining lease in New Mexico. A mill now under construction will have daily capacity of 1,725 tons of ore.

Markets—
Stocks—Volume 2,130,000 shares. Dow-Jones industrials 457.01, up 0.01%; rails 122.87, up 0.18%; utilities 66.73, up 0.18%. London Financial Times common share index 182.72, off 0.3.

Bonds—Volume \$3,600,000. Dow-Jones 40 bonds 84.94, off 0.02; high grade rails 84.67, unchanged; speculative rails 82.49, off 0.14%; utilities 84.20, up 0.01; industrials 88.40, up 0.06.

Commodities—Dow-Jones futures index 154.89, off 0.02; spot index 159.79, off 0.59.

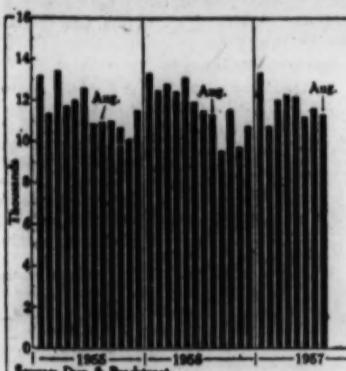
Earnings—
Net income—Per ComShr.
Quarter Aug. 31: 1957 1956 1955 1954
Eagle-Picher Co. \$914.136 \$1,371,773 \$1.91 \$1.36
Wyanode Worsted ... 42,777 142,019 .07 .33

8 mos. Aug. 31: 15,885,450 17,888,470
Chl. & Soda Co. 1,328,774 1,262,695 2.90 2.41
Seaboard Railroad ... 12,682,341 14,058,768 2.90 2.56
St. Louis-San Fran ... 2,675,458 5,583,585 .94 2.01
Western Union Tel. ... 7,608,851 7,619,791 1.22 1.22
Union Pacific R. R. ... 49,355,999 47,489,179 1.06 1.06

(Today's Index on Page 2)

NEW YORK, FRIDAY, SEPTEMBER 27, 1957

New Incorporations



Washington Wire

A Special Weekly Report From
The Wall Street Journal's
Capital Bureau

HOFFA'S ELECTION as Teamster president appears more uncertain.

Top Teamsters reel under repeated poundings. "There are an awful lot of stunned people now," confides a Teamster insider. "This thing is beginning to have some effect." Some Hoffa backers have second thoughts. The feeling grows among Teamsters that electing Hoffa would mean suicide for their union. More blows are yet to come.

Set 50-50 U. S. District Judge Letts today will order postponement of the Teamster convention set for next week. This could be a knock-out blow for Hoffa. His election isn't certain even if the convention goes on as scheduled. His foes plot this compromise: Depose Hoffa and Beck, then negotiate with the A.F.L.C.I.O. on staying in the federation.

Federation officials confess they're on the spot. They'd have to think twice before expelling the Teamsters if they throw out Beck and Hoffa but want to keep Vice Presidents Brewster and Brennan.

FISCAL CHIEFS struggle to stay under the debt limit. They seize on new tactics.

Defense officials postpone every postponable spending item beyond the critical next few months. They confer with major contractors on delaying payments. Less urgent operating, maintenance outlays will wait after January. The Budget Bureau holds back funds to keep other agencies from expanding employment as much as Congress allowed, at least for now.

Other weapons are in reserve. Farm officials consider selling private banks certificates representing shares in a pool of price-support loans; the cash would ease the current squeeze. The Federal National Mortgage Association can sell more securities privately, pay off some debt owed by the Treasury.

Money men talk of last-ditch moves if the scrape with the debt ceiling gets desperate. Defense officials say they could stop paying all bills until January tax receipts roll in.

RACIAL ISSUES demand Supreme Court action in the coming session.

The court already accepts two race cases: The N.A.A.C.P. seeks support for its refusal to tell members' names to Alabama investigators; a defendant in a criminal case insists his indictment was void because Negroes couldn't sit on the grand jury. Segregationist John Kasper carries his fight against a contempt ruling to the High Court. Negroes demand admission to a Florida law school.

Tough tax, antitrust, states' rights, labor cases also will confront the justices. The court must resolve the Federal vs. Louisiana fight over offshore oil rights. It agrees to rule again on the "good faith" defense against price discrimination charges. Other issues: Can towns enact licensing laws to curb union organizing? Can states tax property. Under Sam leases to private firms?

Variety splices the docket. The court must decide whether Jack Benny's radio parody of the movie "Gaslight" violated the copyright laws.

TALK REVIVES of trying withholding taxes on dividends, interest, royalties. Democrats push the idea. Administration officials show sympathy. Tax collectors reckon withholding would bring in \$300 million a year that sneaks past them now. The extra income would help thwart resistance to tax-cut proposals next year.

DEMOCRATS SCRAMBLE for the right to run in a key Senate race next year. Party chiefs figure they can unseat Connecticut's G.O.P. Sen. Purcell; popular Gov. Ribicoff will head the ticket in a reelection try. Ex-Rep. Dodd, former Sen. Benton, Ex-Gov. Bowles seek the Senate nomination. But New Haven Mayor Lee has the inside track.

OLIMEN WOO their coal competitors in a new drive for relaxed natural gas regulation. Backers of easier curbs figure they need coal-state votes. Gas producers consider accepting coal industry demands for controls on industrial gas sales. Olimen says House Commerce Chairman Harris suggests both sides work out a compromise agreement.

TRUSTBUSTERS SETTLE fewer cases by consent decree. Negotiated settlements shrink to two in the past three months. Consent decrees totaled 22 last fiscal year, 30 the year before. Antitrust officials insist they keep their emphasis on voluntary settlements. But, says one, "we want proper relief." Some defendants balk at proposed agreements.

DIPLOMATS FEAR Red China's smiles, threats make gains among its Asian neighbors.

U. S. officials warn of danger signs in Indonesia. They note Communists openly bid for power. Economic troubles rock the island country. Former Vice President Hatta joins Peking in a peace plea; diplomats rated him an anti-Red. Chinese hold big chunks of Burma's border lands; refuse to leave. They might start trouble anytime with Formosa or South Vietnam," says a Dulles aide.

Peking steps up its economic wooing. It pours cheap vacuum bottles, fountain pens, flashlights, subsidized textiles into Southeast Asia. Trade fairs show "Chinese" goods exports suspect are really Western-made.

Diplomats see a bright side. They rate Thailand strongly anti-Red despite the recent coup. Only 2,000 Communist guerrillas remain in newly-independent Malaya. Economic troubles keep Mao's regime busy at home.

MINOR MEMOS: The Republican Club of Duval County (Jacksonville, Fla.) has passed a resolution condemning Eisenhower as "utterly irresponsible" and denouncing Attorney General Brownell as "a traitor to his oath of office" . . . Texas Democratic Rep. Patman inserted in the Congressional Record the full transcript of House Rules Committee hearings on his proposed monetary investigation: the 34-page print job cost the taxpayers \$2,600. . . . Staff investigators for the House subcommittee probing regulatory agencies quietly set up shop at four bureaus, start plowing through records . . . The A.F.L.C.I.O. received in the mail a German newspaper addressed to "The American Separation of Labor."

Despite their own fears, most people you interview in Arkansas believe strongly that press and TV coverage of events around Little Rock's Central High School has been giving the North a very misleading impression of racial relations here.

A visitor who walks along Little Rock's Main Street may quickly come to the same conclusion. On the morning after the arrival of Federal troops, crowds of shoppers quietly went about their business. White and colored women rubbed shoulders cheerfully as they window shopped. At the noon hour office workers stood on the corners laughing and chatting.

Arkansas & Industry

Businessmen Fear Race Troubles May Spread To State's Factories

Garment Firm Watches for Troublemakers; Industry Hunter Senses a Setback

Faubus Finds Friends, Foes

BY JOSEPH GUILFOYLE AND HENRY GEMMILL
Staff Reporters of THE WALL STREET JOURNAL

LITTLE ROCK—Southerners are beginning to fear the passions aroused by battles over school integration will spill over into their industry—present and potential.

Here in Arkansas, where Federal bayonets are escorting Negro youngsters to high school, many a factory has long since voluntarily and peacefully achieved "integration" at the job level. But managers of some of these plants now are wondering out loud—though usually not for the public prints—whether production will be disrupted.

And this state, which like others in Dixie has been scoring notable successes in a drive to attract new plants, is worried over a

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Senators Agree Not to Call Hoffa Prior to Teamsters' Convention

He Had Been Due to Testify Tomorrow; Court Hears Members' Plea Today

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—Efforts to block James R. Hoffa's election to the Teamsters presidency centers in Federal District Court here today after Senate investigators reluctantly agreed not to summon him prior to the union convention.

U. S. District Judge Dickenson Letts has scheduled a hearing today on rank-and-file Teamster members' request that next week's Miami convention and election be delayed. If granted, a postponement probably would lessen Mr. Hoffa's chances still further.

The Special Senate Investigating Committee's decision not to call the union vice president reversed earlier plans of Chairman McClellan (D., Ark.) to stage an eleventh-hour grilling tomorrow.

The delay was asked by Attorney George Fitzgerald, who represented Hoffa at yesterday's committee hearing. "Everything has been happening on the eve of the convention," he complained, with indictments "dropping like confetti at a country fair."

The attorney then asked that Mr. Hoffa be excused from testifying until after his scheduled mid-October appearances in New York Federal Courts on wire-tapping and perjury charges. After a noontime recess, Mr. McClellan announced the committee had reluctantly agreed.

Union Served With Papers

Mr. Hoffa is not expected to show up at the hearing before Judge Letts, either. The rebel Teamsters' suit names him and other union leaders as defendants, but most are in Miami preparing for the convention and thus could not be served with summonses. However, court officials said the international union, also a defendant, had been served with legal papers and Judge Letts said the hearing would be held if service had been made.

The suit, filed by 13 rank-and-file Teamster members from New York, claims the union and its leaders have violated its constitution by improperly selecting convention delegates to insure Mr. Hoffa's election to succeed retiring President Dave Beck. The rebels claim this violates the union's "contract" with them, and asked the judge to delay the convention and election until new delegates can be chosen under court supervision.

An order postponing the convention would give anti-Hoffa forces a further lift and allow his foes more time to maneuver. Mr. Hoffa's opponents could also interpret a court victory as a mandate against his election, even in the future.

Chairman McClellan announced the committee's decision not to call Mr. Hoffa at this time also applied to Franklin Collins, secretary-treasurer of Mr. Hoffa's local union, who was indicted with him Wednesday on perjury charges.

But he turned down a postponement plea for Owen (Bert) Brennan, president of Michigan Teamster Local 337, who then took the fifth

amendment in refusing to testify on grounds it might incriminate him. Mr. Fitzgerald had stated that although Mr. Brennan has been indicted only on wiretap charges, he may yet be charged with perjury as well.

The perjury indictment charged Mr. Hoffa and Mr. Collins with lying to an earlier grand jury inquiry into the wiretapping. However, Mr. Fitzgerald said testimony before the grand jury had embraced all of the operations of Mr. Hoffa's local.

Yesterday's Testimony

In testimony yesterday, witnesses swore: Mr. Hoffa helped bring in as business agent of his Local 299 an ex-convict named "Ziggy" Snyder, who has kept out of reach of committee subpoena servers. Mr. Snyder was accused of profiting from at least two non-union business operations—a cargo handling concern and a car wash outfit—before and after he transferred longshoremen union members he represented into the Teamster local.

Teamster units under Mr. Hoffa's control handled \$5,000 to a San Francisco lawyer allegedly approached by Mr. Hoffa to argue an appeal for Lou Berra, who ran a health program for the Teamsters and was convicted and jailed for income tax evasion.

Two union officials kept getting their regular paychecks, plus expenses, during a 2½-month period last year when they allegedly worked for free on a home for Mr. Hoffa near Iron City, Mich.

Using The Fifth

Mr. Brennan refused 72 times to answer questions dealing with his and Mr. Hoffa's financial transactions. He told the committee he was invoking the Fifth Amendment with "a great deal of reluctance."

Among other things Mr. Brennan was quizzed about an alleged horse race betting system that returned him and Mr. Hoffa up to \$20,000 a year; a \$50,000 check allegedly drawn from union funds for a harness racing track, as well as other checks on union money; charges that the wives of the two Teamsters were placed on trucking company and unions payrolls under their maiden names and did no work; and charges that Teamster funds were advanced to officials of the Detroit Restaurant Guild.

Earlier testimony dealt with charges that the union officials spent several months working on some of Mr. Hoffa's Michigan property while receiving their union pay, and with the records of a Philadelphia Teamster local.

Harold H. Biddle, one-time Cadillac dealer from Iron City, Mich., said that though most of the summer of 1956 he and two men later identified as officials of Detroit Teamster Unions built Quonset huts on Mr. Hoffa's land near Iron City. The witness said he had "almost daily contact" with the union officials from July through September.

Staff Investigator Carmine Belino identified the helpers as Alvy Bush of Teamster Local 614 and Charles O'Brien of Local 878.

Testimony Challenged

Later, a former film distributor, Howard Craven, directly challenged sworn testimony of a top Hoffa lieutenant concerning alleged payoffs in return for protection and the promise of more business. He said Frank Fitzsimmons, vice president and business agent for Mr. Hoffa's Detroit Local 299, approached him in 1946 and offered to get "all the business in Detroit" if Mr. Craven turned over 90% of his profits to him. The witness said he was forced to sign such a contract "under verbal duress."

Mr. Kennedy said Mr. Fitzsimmons had denied the alleged deal in earlier testimony.

Mr. Craven said he was put out of business through Teamster picketing and forced to sell his business for \$7,000 even though he made about \$25,000 annually from the operation. He said Mr. Fitzsimmons didn't bring in any more business although he gave the Teamster official more than \$3,000 before selling the outfit. According to Mr. Kennedy, the new owners included Mrs. Hoffa and a brother-in-law and a nephew of Mr. Fitzsimmons.

Another witness, James E. Wadlington, an employee of the Detroit car wash company owned by ex-convict Ziggy Snyder told the committee he makes only \$8 a week for about 70 hours of work. Mr. Wadlington said the shop isn't unionized and about 10 workers split 40 cents for washing each car, with the company getting 60 cents.

Later, at an unusual night session, another witness declined to answer committee questions on the grounds of possible self-incrimination. He was Eugene "Jimmy" James, identified as the former head of a Detroit Teamster unit of juke box renters, Local 985. Mr. Kennedy said the wives of Mr. Hoffa and Mr. Brennan were listed as employees of this union under their maiden names, but never did any work.

According to the counsel, Mr. Hoffa was responsible for putting Mr. James in as president of the local in 1945.

Beck Declines Post

MIAMI BEACH, Fla.—(AP)—Dave Beck, who is retiring as Teamster Union president, said he has rejected a position as president-emeritus of the million and a half member union at a continued salary of \$50,000 a year.

The 63-year-old official said that at his request, the union's constitutional committee had voted to eliminate a provision which would pass on to him the emeritus status first given in 1952 to the late Dan Tobin on Mr. Tobin's retirement after 40 years service.

The emeritus position also would have given Mr. Beck considerable authority as a union elder statesman. It had come under attack by some Teamster officials who charged that in effect it would make Mr. Beck a behind-the-scenes president of the union.

A.F.L.-C.I.O. officials also reportedly had opposed granting the emeritus post to Mr. Beck.

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Midwest Delegates Ask Building Trades Weigh Quitting AFL-CIO

Seven State Units Back Withdrawal Unless Dispute Over Jurisdiction Is Settled

By a WALL STREET JOURNAL Staff Reporter
DETROIT—Midwestern construction workers called on the Building Trades Department of the A.F.L.-C.I.O. to consider withdrawal from the merged labor organization unless jurisdictional disputes between the craft unions and former C.I.O. industrial unions can be resolved.

Representatives of Building Trades Councils from seven states unanimously endorsed a resolution to that effect, passed earlier this month by the Ohio State Building Trades Council. The 104 delegates represent more than 350,000 members of 19 craft unions in Illinois, Indiana, Michigan, Minnesota, Missouri, Ohio and Wisconsin.

The 19 craft unions in the Building Trades Department claim a total membership of more than three million people. A.F.L.-C.I.O. chiefs, led by President George Meany, have tried repeatedly to work out a compromise on the jurisdictional question, and a committee is supposed to be continuing the effort.

Clearly in a rebellious mood against top leadership of the United Labor Federation, the construction workers assailed the merger as a "sacrifice of the Building Trades" and enthusiastically approved six other resolutions designed to balk complete merger at state and local levels until their grievances are settled.

One called on state Federations of Labor to refuse to meet the December 5 deadline set by the A.F.L.-C.I.O. for merger on the state level by holding off until the next regular convention of each Federation. Another resolution recommended to the Building Trades Department that it stop payment of the per capita tax to the parent union until jurisdictional areas have been spelled out.

"We are heartily in favor of merger," one resolution read, "but we are not prepared to pay the high price now required."

A copy of this resolution, according to a member of the Michigan delegation which sponsored it, was sent in advance of the two-day conference to local Building Trades Councils across the nation. "We got back over 150 communications in favor of it, from as far away as Seattle," he said.

The A.F.L.'s craft unions traditionally have battled the C.I.O.'s industrial unions for jurisdiction over construction work within industrial plants. Additions, alterations and repair of existing facilities, the industrial unions contend, should be performed by employees of the plant—members of the "horizontal type" union. The skilled craft unions reply that their jurisdiction historically has included all construction, not just new original work.

Speaker after speaker at the Midwestern conference, which concluded yesterday, stated that the problem has intensified in the two years since the A.F.L. and C.I.O. merged at the top level. They also asserted that President George Meany of the United Labor Federation has repeatedly discounted the difficulties faced by the Building Trades.

Northrop Gets Air Force Order

WRIGHT-PATTERSON AIR FORCE BASE, Ohio—Northrop Aircraft, Inc., Hawthorne, Calif., has been awarded a \$20,802,688 Air Force contract, the Air Materiel Command announced. The contract is for "definition of engineering change proposals and modification" of the F-89B fighter. The modified aircraft will be designated the F-89J.

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Hopes Wither for Fall Upturn in Machine Tool Orders As Year-Long Decline Shows Signs of Deepening

New Orders in August Were 20% Below July; Industry Banks on Early 1958 Rally

BY JOHN LAWRENCE AND ALBERT R. KARR
Staff Reporters of THE WALL STREET JOURNAL

The year-long decline in machine tool orders is showing signs of deepening—a development with pocketbook significance for people everywhere.

Early this year, machine tool men reluctantly conceded their business was headed lower, but hopefully talked of an upturn, come fall. They stuck by their contention through the summer.

Today they are less certain. And most of the 30 checked by this newspaper are doing an about-face and have frankly little hope left for a rally this fall. A further drop, some say, is not unlikely.

Though it's a small segment of the economy, the machine tool industry is a key one. Most metal-using products you can name—clocks, TV sets, washing machines, cameras, automobiles, airplanes are merely a handful of examples—involve machine tools somewhere in the manufacturing process.

Cue to Economy's Health

Thus the ordering pace for machine tools often is a cue to economic health generally, both present and future. Specifically it's a sensitive indicator of the spending plans of many industries for expansion. Current woes of tool builders are symptomatic, too, of over-expansion pains felt already in some industries and growing uncertainty over business prospects generally. These worries have been magnified of late by the sharp drop in the stock market.

Yesterday there was a solid piece of statistical evidence to underscore doubts about the immediate months ahead. The industry's trade group, the Cleveland-based National Machine Tool Builders Association, estimated August new orders at \$44,650,000, about 20% under July's \$55,600,000, and roughly 50% below August, 1956, orders totaling \$87,500,000, just prior to the beginning of the machine tool decline. The August drop followed a 30% upturn in July, over June's \$43,000,000.

Through August, total net new orders this year (after deducting cancellations) have fallen to \$416,300,000, or nearly 37% below the \$655,000,000 booked in the same period last year, but not far below the \$494,050,000 of the like period of 1955. It was in the final quarter of 1955 that the industry's greatest peacetime ordering spree was under way and lasted for nearly a year.

Last month's decline confirmed suspicions of many tool builders that the July upsurge was temporary. It grew mainly from an ordering flurry by customers of a number of big tool firms after notification of impending price increases averaging 5% to 7%.

Less and Less Support

Talks with executives of tool companies, both large and small, uncover less and less support for the fall upturn theory and plentiful signs business may get worse before it improves.

One Midwest tool builder has this to say about the rate of incoming business in months ahead: "Indications certainly are they'll be down. There's no life at all."

He relates the company, fairly typical of the industry, had a backlog of better than a year's production when 1957 began. Currently the backlog is slimmed down to four months. "We've been living off backlog all year," he continues.

"A lot of tool builders are screaming," reports Albert H. Eggers, president of Greenlee Bros. & Co., Rockford, Ill., maker of automatic screw machines and other special and standard tools. "They can't put their fingers on it, but the fact remains orders are not being placed."

Mr. Eggers reports the company's new orders for so-called standard machine tools in the five month period, April through August, ran 50% behind a year ago. "That standard tool market is up and down—we're not enthusiastic about it at all," he complains. His firm's line of specialized tools, requiring engineering and production tailored to customer needs is consoling Mr. Eggers a bit by showing

ing a slight upturn in the same five month period.

Other machine tool makers say they have less difficulty pinning down reasons for the tumble in orders. Mainly, they talk of sharply lower purchases by the automotive industry within the past year, defense cutbacks including some cancellations and delays in placing tool orders, "tight money," a 35% drop in exports from a year ago, over expansion by some industries, and hesitation by others who've been thinking of expansion.

While new orders for the industry have been on a general down-swing for a year, shipments of completed tools the past eleven months in a row have run ahead of new orders. This has resulted from order backlog fattened during a flood of incoming orders in the fall of 1955 and first half of 1956. For the first eight months this year, industry shipments totaled \$614,800,000, up from \$558,450,000 in the 1956 period and nearly 30% higher than the \$418,550,000 reported in the first eight months of 1955.

Time between arrival of an order and delivery of a completed machine will vary anywhere from a few weeks to a year or so, depending on the complexity of the machine and the size of a company's backlog. From the standpoint of shipments, which are a measure of dollars flowing into tool company coffers, the outcome this year will be good for many companies in the industry.

But a fast shipping pace, especially in the first half this year, has bitten deeply into the industry's backlog—cutting it more than half, in fact. Based on a past shipping rate, the industry's backlog at the end of August was down to 4.1 months of shipments, compared with 8.2 months at the beginning of the year and nearly eight months a year ago.

Work Week Being Cut

The consequences are obvious: Shipments are tapering off now as order backlog shrivels. Tool makers are shortening work weeks, and laying off some production workers. Others are planning to prune payrolls unless orders begin streaming in soon.

A number of companies already have trimmed work forces by layoffs or non-replacement of departing employees. They include Brown & Sharpe Manufacturing Co., Providence, R. I.; Bullard Co., Bridgeport Conn.; National Acme Co., Cleveland, and Racine Hydraulics & Machinery, Inc., Racine, Wis. And several others, including one important producer in Ohio and two in Illinois, say layoffs definitely are imminent.

"We've taken no layoff action yet, but we'll have to before the year ends," says a high official of one Illinois firm. The cut, he estimates could run as high as 25% of the workforce—about 200 workers. Tool builders generally are hesitant to discuss layoffs, and few of them are voluntarily disclosed to the public.

The same firm has snipped its roster by 100 already by not replacing workers who've left of their own accord. And after working a 50-hour week early in the year, the company has dropped to 45 hours, department by department, in the past three months.

Rockford Furloughs 10% of Force

R. C. Christensen, controller of Rockford Machine Tool, reports the company has laid off a score of workers the past 30 days, or about 10% of its force. The company is still working 45 hours weekly. "We'll have to cut hours if orders don't pick up," Mr. Christensen warns.

Many other tool companies, operating on 50 and 55 hour work weeks the past year or so, are now slicing overtime. Among those are Warner & Swasey Co. and National Acme of Cleveland; Norton Co.'s Machine Tool division in Worcester, Mass., Sundstrand Machine Tool Co. and Barnes Drill Co., of Rockford, Ill.; Gisholt Machine Co., Madison, Wis.; and Cincinnati Milling Machine Co., the industry leader.

Nearly all executives reached concede work weeks are lower than at the beginning of summer. Many trim them normally in the summer, then go back in the fall. But not so this year, they say.

"New orders are not coming in at a rate to maintain production and employment at their current level," said Bernell A. Gustafson, vice president of Sundstrand.

Sundstrand, which is primarily a producer of special tools, experienced a 60% drop in

new orders for the first eight months this year, compared with the same period of 1956. But Mr. Gustafson contends "one big order could reorganize our position."

"Don't Figure the Percentage"

One Eastern broaching machine maker also reports orders down 60% for the first eight months. And the president of another Midwest tool firm said orders "have been so far down you don't even bother to figure the percentage."

Not all builders feel the order situation will worsen, though it may not immediately improve. "We're counting on it not going any lower," comments one New England executive. "This current level will stay with us a while and we've battened down the hatches to ride it through."

What's the prospect for an upturn in machine tool orders? Slimmer now than it's been all year.

Many executives earlier this year were betting the big auto companies would resume substantial purchases of machine tools sometime this fall. The biggest need of auto companies for machine tools usually is tied to new automotive engine programs. Machine tools are required to turn out various components. Reportedly, new engine programs calling for new machine tools, are planned for 1959 and 1960 models.

With the exception of scattered inquiries, and some ordering recently from General Motors Corp., the evidence of incoming tool business from Detroit the past few months has been disappointing.

Model Changes Still Hoped For

"There's still a definite feeling auto people are going to have to make some model changes and if so, we'll get our share," says an official of W. F. & John Barnes Co. of Rockford. "Certainly, they're a lot slower this year than in the past and frankly we don't know what they're doing."

Reflecting back, some tool makers think it's too much, however, to expect the auto companies soon to go on a tool buying spree like the one they engaged in during the final quarter of 1955 and early months of 1956. In a period of about six months, the big three—G.M., Ford and Chrysler—reportedly placed \$350 million of machine tool orders, mostly for engine programs. Ford alone spent \$250 million, so the story goes. Practically all of the tools involved have been delivered by now.

In that period the auto industry probably accounted, all told, for around 40% to 50% off all orders placed, compared to 20% or so in most periods.

Beside the automakers and Defense Department, other major machine tool customers include makers of farm equipment, household appliances, roadbuilding equipment and fabricators or metal parts—all laggards in buying side so far this year.

"I don't think the farm implement field has improved enough to warrant their buying additional tools," says George W. Christiansen, manager of the machinery division of Racine Hydraulics & Machinery. "The market is somewhat filled, too, with household products such as refrigerators."

According to machine tool men, office equipment manufacturers, firms active in the atomic energy program and such heavy industry customers as steel companies, have kept their ordering at a high level.

The Defense Department, mainly the A. Force, has been one of the least dependent customers this year. Spending cutbacks in the Air Force's growing program to man-made aircraft, brought cancellation nearly \$10 million in orders this summer. Cincinnati Milling, Giddings & Lewis Machine Tool Co. and Bullard were the best known of the cancellation casualties. But other companies were hit, too.

In some cases, aircraft engine companies and aircraft subcontractors have canceled orders or have delayed them. One tentative Government contract with Racine Hydraulics & Machinery was crossed off the list before it was actually let.

The outlook for machine tool builders varies somewhat, of course, by individual company. Bodine Corp., of Bridgeport, Conn., maker of automatic tools, reports new orders for August were down only 3.1%, and up about 5% for the first eight months, compared with like period last year.

Robert M. Gaylord, president of Ingersoll

Milling Machine Co., another maker of special tools, says orders are about 10% below the 1956-57 average.

Some toolmakers who for the moment have doubts about a fall upturn now say they are banking on an industry-wide recovery some time in the first half next year.

Upturn by Next Spring

"I think by next spring we'll see quite a turn," theorizes Mr. Christensen of Rockford Machine. He's one of several builders who view 1957 as the downswing of a cyclical pattern that last hit a low point in 1954 in an aftermath of the Korean War. Then there was about a year-long lull in new orders.

"From the inquiries we have, we're going to have a pretty good upturn next year," says H. L. Cogswell, sales manager of Barnes Drill. "Our customers keep telling us they're going to start making purchases after the first of the year, anyway."

Reports are official of Kearney & Trecker Corp., of Milwaukee, in a more cautious mood: "We've had a lot of requests for price quotations on new machine tools. Whether any will materialize as orders I don't know."

Inquiries are good, comments K. M. Allen, executive vice president of Rockyford Machine, "maybe because our salesmen are following up every suggestion of an inquiry."

The president of a big Cleveland firm is skeptical. "I think the industry is leveling off at \$600 million year for both orders and shipments." Actually that would be comfortable for most tool builders, year after year, gauged by peacetime performances the past 10 years as shown in this table:

	(In Millions of Dollars)	
	Net New Orders	Shipments
1947	240	306
1948	260	288
1949	233	249
1950	712	305
1951	1,327	632
1952	802	1,125
1953	748	1,191
1954	514	891
1955	927	670
1956	924	886

Based on the ordering pace of recent months, tool makers now figure the industry more likely will do little or no better than \$600 million this year. That would be a drop of roughly one-third from 1955 and 1956, which tool executives now regard as abnormally high peacetime years—the two best ever in the industry's history.

With shipments for the first eight months exceeding \$614 million, though on a declining scale the past two months, the industry should slightly exceed \$800 million. That would not be far below last year's \$886 million and far above most early post-World War II years.

West Virginia Pulp & Paper Co.

NEW YORK—Hinde & Dauch Paper Co., a subsidiary of West Virginia Pulp & Paper Co., since 1953, will become a division of the parent concern, effective September 30. Directors of West Virginia Pulp named Charles E. Frohman president of the division.

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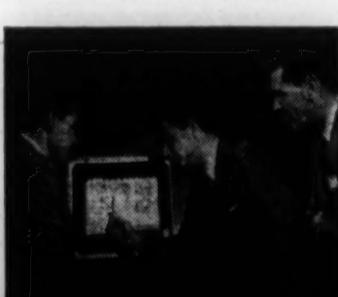
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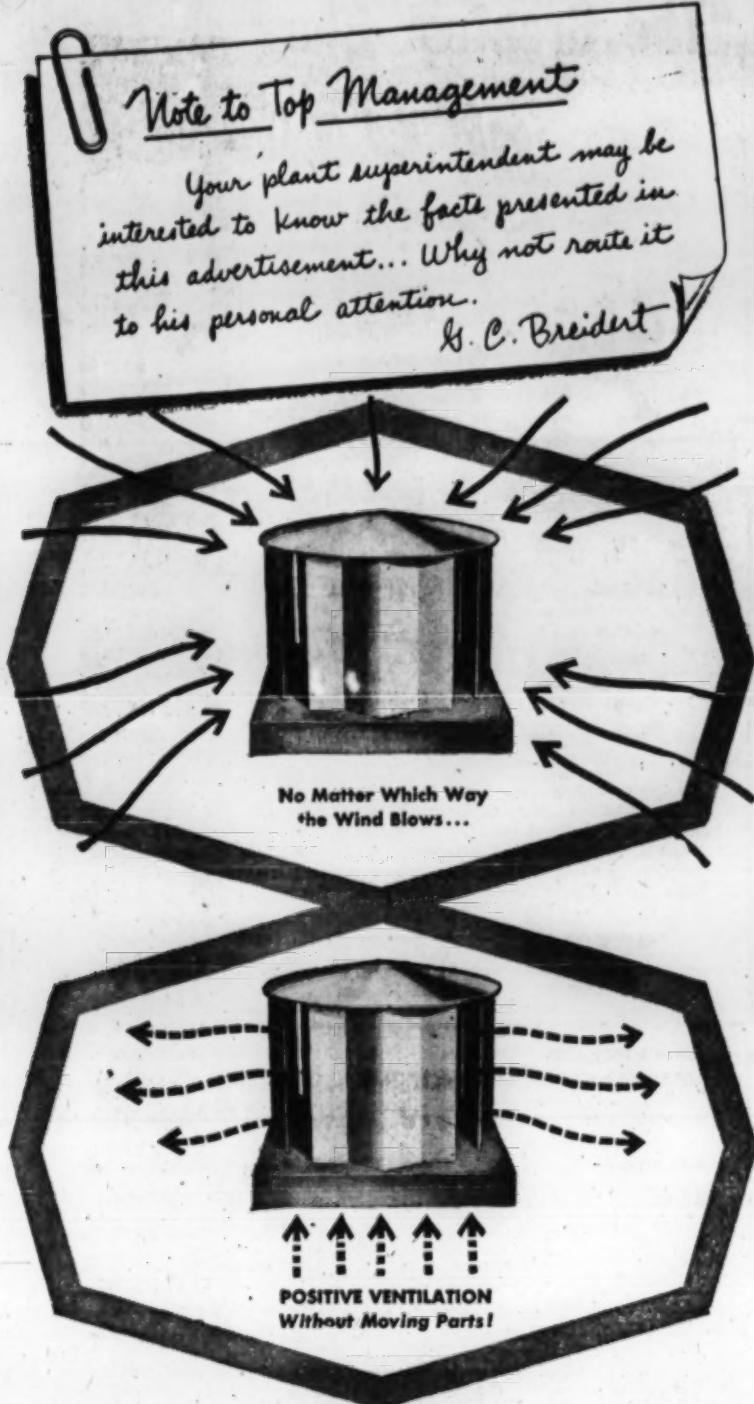
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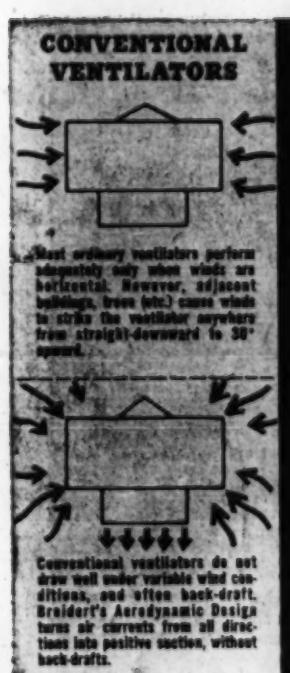


WIDE DIVERSITY of Du Pont services is illustrated by work of technical representative (right) from Du Pont's Petroleum Chemicals Division, who has traveled thousands of miles in locomotives, helping evaluate railroad diesel fuels.





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Fund Head Hits Talk of Europe's Revaluing Currency as Parley Ends

French "Determined" to Hold Present Rate; India to Seek Private U. S. Investments

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—The International Monetary Fund and World Bank closed their annual meeting the way they opened it: Talking about European exchange rates.

Per Jacobsson, managing director of the fund, wound up his organization's sessions by declaring Britain and Germany meant it when they announced they weren't going to change the values of their currencies.

"It seems, at present, to be difficult to make people believe that one means what one says—but in these cases, the evidence is there to see," Mr. Jacobsson declared in a summing-up speech. "These were not just statements; they have been backed up by appropriate measures to ensure their validity."

There were reports early this week from Bonn that both German and non-German authorities there agreed privately that sooner or later the current currency anarchy would lead to a revamping of Europe's exchange rates. These reports indicated that in public, officials would continue to assert no changes were coming.

Second Attack by Jacobsson

Mr. Jacobsson was making his second strong verbal attack of the week on exchange rate speculation. On Tuesday, the Swedish economist had told the bank and fund meeting that there was no need to devalue the British pound and that Germany had made clear it wouldn't raise the value of its mark.

Fund officials and leading economic office holders from Britain, Germany and other countries have been considerably upset by the movement of speculators to sell pounds and buy marks. This has weakened the pound in international trading. The officials contend Britain is basically strong enough to hold sterling at its present pegged value of \$2.80 in terms of the U. S. dollar. Furthermore, they contend, Germany is taking steps to ease its huge foreign exchange gains.

A French spokesman also told the meeting yesterday his country is "firmly determined to maintain her new parity" for the franc. France devalued the franc for most purposes in August.

Wilfrid Baumgartner, governor of the Bank of France, described France's economy as "convalescent rather than sick." French Finance Minister Felix Gaillard decided at the last minute not to attend the bank-fund meetings and use the time chiefly "to defend and

improve the next budget," Mr. Baumgartner said.

"We now intend to submit to the (World) Bank some applications which, we hope, will bring its participation to the vast development projects we are working on in Africa," the French spokesman announced.

In a separate press conference, India's finance minister said he will talk with both industrialists and bankers in New York about investments in India.

Finance Minister T. T. Krishnamachari said India may try to raise money in the U. S. in two or three years via a publicly-offered bond issue. But for the moment, he emphasized, he is talking to the U. S. Government and potential private investors in India. He said he is scheduled to confer with German leaders after he leaves the U. S.

The Indian leader came to the U. S. chiefly for the World Bank and Fund meetings. But he is combining that business with a plea for money. Mr. Krishnamachari said his country needs \$1.4 billion in foreign exchange to meet the costs of India's current five-year plan through 1961. He figures about \$500 million is needed now to tide India over the next 12 months or more.

American officials have already made clear they don't have that much cash to give or lend India. And the finance minister said yesterday he realized that the only way Uncle Sam could fulfill India's needs would be through a Congressionally-approved loan. State Department officials see little chance of winning such approval.

U. S. to Offer Surplus Goods

Besides some money, U. S. officials are ready to offer India a sizable amount of surplus farm goods in exchange for India's currency. Mr. Krishnamachari said yesterday his country can use cotton, tobacco and food grains but that whatever the U. S. gives India will be marginal to his country's total needs.

While the Bank and Fund wound up their meetings yesterday, the 51-nation International Finance Corp. will hold its annual meeting today.

The I.F.C., which is an offshoot of the World Bank, invests money in businesses which will spur the economies of developing nations.

The agency announced a new \$660,000 investment in Duncan's Holdings, Ltd. of Australia. The investment will help the company pay for the modernization of various mills in Australia so they can treat pines for resistance to moisture and decay.

Bank and Fund members voted before they quit to bring the number of member countries to 68 by admitting Tunisia, Libya, Morocco and Malaya. Next year's meeting will be held in New Delhi, India, and a Belgian government official will serve as chairman.

Business Milestones

Cleveland Electric To Build \$75 Million Generating Project

By a WALL STREET JOURNAL Staff Reporter

CLEVELAND—Cleveland Electric Illuminating Co. announced plans to build a major electric power plant on the Ohio River at Rayland, about 110 miles southeast of here.

Electric power will be moved to the Cleveland area by a 345,000-volt transmission line, which C.E.I. said will be one of the largest capacity power lines in this country. The plant and its connecting transmission system will cost about \$75 million. The first power generating unit of 335,000-kilowatt capacity is scheduled to go into operation in 1961.

A date for start of construction has not been set. This will be the biggest single construction project in the company's history.

The Rayland plant will be part of a record \$262 million construction program scheduled in the period 1957-61. With two other projects already under way, the first Rayland unit will bring the C.E.I. generating capacity to 2,466,000 kilowatts in 1961, compared with 1,688,000 at present.

The utility had previously announced it intended to build a plant on the Ohio River, but until now had given no details. Decision to locate the plant on the river was based on the need to reduce the transportation cost of coal, which is one of the utility's major operating

"By building the plant on the Ohio River near plentiful coal supplies, electricity can be made more cheaply and shipped economically over high voltage transmission lines to northeast Ohio," Elmer L. Lindseth, president, said.

Mr. Trainer gave no hints of the size or timing of any expansion program for the butadiene plant.

When Firestone built the plant it made provision for expansion, Mr. Trainer told his audience at Orange. "When our studies are completed and the situation warrants it, that is exactly what we intend to do," the Firestone executive added. He said demand for all types of rubber, especially synthetic, is growing steadily.

The Orange plant supplies a substantial portion of the butadiene for Firestone's synthetic rubber plants at Lake Charles, La., and Akron, which have a combined annual producing capacity of 230,000 tons.

Butler Brothers Acquires Oklahoma City Variety Chain

CHICAGO—Butler Brothers acquired the T. G. & Y. Stores Co. of Oklahoma City, a chain of 125 variety stores in the South and Southwest.

The transaction involved more than \$10 million in cash, callables, notes and convertible notes, according to A. O. Steffey, Butler president.

Mr. Steffey said the outstanding stock amounted to about 185,000 shares and was

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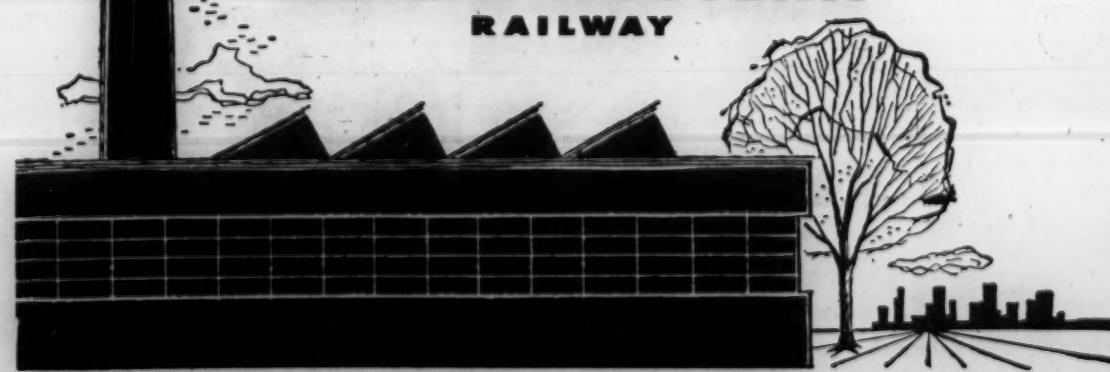
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The result is that we now offer an information service far above routine requirements. Tell us what you need and we will provide without obligation the current, factual data necessary to aid you in making your decision. All interests, including those of brokers, are protected.

This revitalized department is another step we have taken to better serve American industry. Address all inquiries for information on plant sites in this rich midwest territory to: G. F. CERMAK, Director, Industrial Development Department, C. & N. W. Ry., 400 W. Madison Street, Chicago 6, Illinois. Inquiries, of course, are kept in strict confidence.

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Phillips Petroleum Sees Sales, Earnings In '57 at Record Levels

President Points to Anticipated
Profits From New Facilities;
Uranium Prospects Told

CHICAGO—Phillips Petroleum Co. expects to report new highs for gross revenues and net income this year, Paul Endacott, president, said.

During the first six months this year, he told the Investment Analysts Society of Chicago, consolidated gross income and net income reached record levels despite higher operating expenses and depreciation charges. Such increased costs, he noted, resulted largely from starting operations at new plants for production of butadiene, synthetic rubber, ethylene, polyethylene and natural gas liquids.

"Anticipated earnings from these facilities are expected to be realized toward the end of this year when all stages of their construction will have been completed and output approaches designed capacity," he said.

In 1956, Phillips reported earnings equal to \$2.77 a common share on a gross operating income of \$1,033,039,919.

Referring to exploration activities, Mr.

Endacott noted that between 4 million and 5 million tons of uranium ore has been located on the company's 1,280-acre mining lease in New Mexico and that negotiations for sale of such ore to the Atomic Energy Commission have been completed. The mill, now under construction on the site, will have a daily capacity of 1,725 tons of ore, he added.

The company has invested more than \$17 million in development of its Canadian properties with earnings absorbing about \$16 million of expenses, he said. Exploratory work has indicated extensive gas reserves, particularly in the Peace River area of British Columbia and Alberta, he added. Income from the Canadian holdings, "based on contracted volumes of gas promises to be many times the sums we have put into them," he said.

Oil leases off-shore Louisiana are "now crossing the threshold into productivity," he said. As of September 1, Phillips had completed 60 off-shore wells, of which 36 are producing with the remaining 24 shut-in waiting connections.

Soft Coal Output Off in Week

WASHINGTON—The National Coal Association estimated soft coal production at 10,060,000 tons in the week ended September 21, compared with 10,100,000 the week before and 10,500,000 a year earlier. Soft coal output to September 21 this year was 356,981,000 tons compared with 358,048,000 tons in the like period of 1956, the association said.

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Benson Mines and Beneficiating Plant, Star Lake, New York. Production increased from 397,748 net tons of upgraded ore in the initial year of 1944 to 1,846,275 tons in 1956.

Beneficiation—the fattening of lean ores—has paid off for J&L.

The process involves removal of the waste material to increase the relative iron mineral content of the remainder. It is expensive. But research has enabled J&L to find methods to do this job at a cost that can be offset by the savings in freight, fuel and operating efficiencies.

Coupling extensive research with exploration and acquisition, J&L has pushed its iron ore reserves to an all time high—all within the Great Lakes region of the United States and Canada.

J&L is today producing large tonnages of steel from beneficiated ores more economically than from high grade direct shipping ore. In 1956, 22% of J&L's entire ore requirements were obtained from ore processed at Benson Mines alone. The proven iron ore reserves stand at a total of 231 million net tons,

nearly 4 times the 59 million tons recorded in 1940.

The present ore reserve is equal to 44 years' supply based upon current usage. Of the 231 million net tons in total proven iron ore reserves, 78% are in ores subject to beneficiation. Total reserve figures do not include lean ore reserves owned in fee or held under lease in Michigan and Minnesota, which are estimated to contain 170 million net tons of concentrates.

In the search for accessible ore bodies and the continuous research for better methods of upgrading lean ores, J&L is conducting its beneficiation activities and explorations both alone and in joint ventures with other companies. This active program has resulted in the acquisition of 57 million net tons of additional reserves within the past year alone.

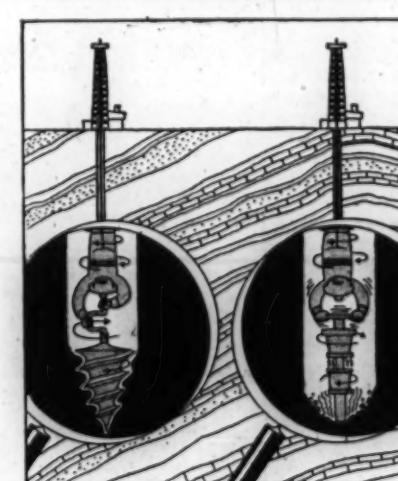
These extensive iron ore reserves, fortified by ample supplies of coal and limestone, give J&L an outstanding position in raw materials.

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J & L . . . A G R E A T N A M E I N S T E E L

Now you can do this two miles down!

Percussion hammer developed by Gulf
drills up to four times faster!



The common method of drilling is shown at left with Gulf's new hammer drill at right. It is expected that drilling speed will be increased up to 4 times when the new method is put into use.



The problems encountered in the search for oil are many and various and one of the most frustrating is this: How can you drill straight down and fast?

Now, since you can't send a man down with a percussion drill, what's the next best thing? To send the drill down, of course. And Gulf scientists, at the Research Center in Harmarville, Pa., have devised a way to do just that. It took a long, long time . . . but they did it.

First, they developed the drill itself. It consists of a reciprocating piston and cylinder arrangement for delivering percussion blows against friable (or brittle) rock encountered in tough formations.

The device is encased in a cylinder about 19 feet long which hangs at the end of the drill string, with a conventional roller bit fastened directly below. As

the drilling mud circulates through the mechanism, it drives a 200-pound hammer, delivering 600 or more strokes a minute, on the attached bit.

Result: Drilling speeds may double or quadruple in the hardest oil field formations. Not only that, but straight-line drilling is now possible since the bit will no longer veer off slanting rock formations. This solves the costly problem of the crooked hole.

So, here it is. A tool designed specifically for hard-rock drilling, which is expected to provide savings in money, time, and maintenance. The new drill is about ready for release and arrangements are now under way to make it available to the industry.

One more step in petroleum progress—one more scientific advance with an ultimate public benefit. This is, indeed, the industry that looks to the future.

Gulf Oil Corporation,



General Offices, Pittsburgh, Pa.

REVIEW and OUTLOOK

The Unlimited Ceiling

Mr. Frank Pace, Jr., a gentleman who knows a great deal about the subject, the other day questioned whether it was wise for the nation to set arbitrary limits on Government spending. One such limitation is the \$275 billion legal debt limit the Government—and especially the Defense Department—keeps bumping its head against.

Such limitations—especially on defense spending—Mr. Pace told the American Bankers Association, are wrong if they are placed there merely for economic reasons. Big defense spending is spur to the nation's economy; it is related to the increased rate of growth of the gross national product. For that reason it should not be looked on as "uneconomic cost" that contributes only to military survival.

Of course, defense spending does contribute to the gross national product, but one may fairly question whether it is really a sound contribution to the nation's economic growth. A military machine is a consumer of goods, not a producer. It is there to do one task—defend the country.

Mr. Pace would dispute the statement that defense spending is unproductive. In his speech he pointed out that big defense spending has contributed to this nation's scientific, technological and cultural development; nuclear fission, electronics and so forth.

"It is these by-products of our defense effort which are now adding immeasurably to our capacity to develop new resources, to create new technologies, new products . . ."

Quite so. But it strikes us that this

Setting Prices

The country has been getting a large dose of theories from assorted experts as to just who sets prices. It likely will get more at the Senate hearings scheduled to resume in October under the auspices of Senator Kefauver.

Meanwhile the National Industrial Conference Board has gone to the source of price changes, corporations, and asked them about the matter. Some 145 companies replied to the questionnaire. About 60 percent said price changes were agreed on by two or more people in the corporations; 40 percent said they were one man decisions. In either case, top sales officials were most frequently the decision-makers.

It is significant that salesmen are given this responsibility rather than financial experts. For no one in a company is as likely to be as well attuned to the competitive situation for a company's products as is a salesman.

A long list of things were given by

Unpleasant Alternatives

Britain's belated efforts to halt inflation may still work but they are not likely to be altogether painless. Whatever happens, the efforts are instructive for any nation threatened by inflation.

Last week the British took the drastic action of raising the bank rate from five percent to seven percent, the highest in thirty-seven years, and imposing new limits on lending, investment and government spending. Government officials are reported determined to stick to this hard line even if it should mean a slump and unemployment.

This determination, whether or not it holds in any showdown, is itself little surprising for a nation which has pursued Keynesian "full employment" policies since the war. What it very clearly shows is that no government can put off forever the day when it must look inflation in the face.

Certainly the British tried hard to believe that it was possible to pile a mammoth welfare state on top of heavy defense spending on top of strained productive facilities on top of a labor shortage, and still keep the

whole unwieldy structure from tumbling down. In recent months, however, the signs of collapse—particularly the signs of collapse of the pound sterling—have become too plain for any official to misread. So in the hope of averting a full-scale depression the authorities say they are willing to spend and the desire to spend it.

Of course there is a "who" involved in competition. But it is not a simple "who" that can be made a simple scapegoat for energetic politicians. For the "who" behind competition is every consumer who has any money to spend and the desire to spend it.

Obviously the risk need never have arisen. If the boom had been kept in hand through the years by government economy, by traditional monetary and fiscal policies, by allowing the economy to catch its breath once in a while—in short, by the application of common sense—it would not be necessary to take deflationary action now to prevent drastic deflation later.

There is no doubt whatever that, as President Eisenhower warned this week, the end result of unchecked inflation is a bust. The British difficulties ought also to remind us that the sooner a government realistically determines to check inflation the better its chances of escaping a situation where the only alternatives are unpleasant.

PEPPER....and Salt

Reasonably Accurate
I can't remember,
Even dimly,
A contest won
With a facsimile.
—D. O. Flynn.

Rough Stuff
Mrs. Brubaker didn't seem to be getting good service out of the family car. She bitterly complained about it to her husband.

"What seems to be the trouble, dear?" he inquired sympathetically.

"I don't know exactly," Mrs. B replied, "but I wonder sometimes if it isn't due to all those raw materials they use at the factory."

Pigskin Primer

Little things you don't need to know about football:

A football stadium is where 75,000 people stand up in front of each other when something exciting happens.

Most college football fans are extremely rabid, but fortunately they don't bite anything but their fingernails.

On a cold fall day with a touch of snow in the air nothing is more fun than sitting there watching a game on television.



WALL STREET JOURNAL
"Mr. Chairman, honored guests, ladies and gentlemen—your spontaneous request that I address you tonight comes as a totally unexpected surprise to me."

Along about midway in the fourth quarter, a woman spectator can be expected to become interested enough in the game to inquire, "Which one is our team, dear?"

Most coaches get a real lift when their teams play. Some get carried off the field by their players' shoulders, others get hung in effigy.

Great progress has been made in the past decade by the South in its fashioning to denounce the Supreme Court as a scapegoat. It is true that

You rarely hear people who know football forward and backward refer to it as "lamb-toof." —Dick Emmons.

Candid Comment

What has brought about this dreadful predicament in Little Rock? In parts of the South it is fashionable to denounce the Supreme Court as a scapegoat. It is true that

Federal Troops in Little Rock

Reactions of Nation's Newspapers Range All The Way From "An Inescapable Move" to "Dictatorial Force"

From the *Charleston, S. C., News and Courier*:

In seizing command of the Arkansas National Guard, during time of peace, President Eisenhower seeks to disarm the government of that state. He also has used Federal troops to subdue the people of Little Rock.

If the practice becomes general in the South, it will signal the death of the American Republic as we have known it. The first act of a dictator is to use armed forces to suppress opposition from the people . . .

There is no doubt that the President has the power. So has Soviet Russia the power to put down rebellion in the Ukraine. Hungary or elsewhere behind the Iron Curtain.

When he says he will use "whatever force may be necessary," President Eisenhower conjures visions of tanks and grenades, even of the devastating power of nuclear bombs. He could wipe the State of Arkansas off the map of the United States. But he cannot solve the problem of race with bayonets . . .

Southern White people will not easily surrender . . .

No amount of military power can rub out the fact that the Government of the United States, in the face of sober warning, has deliberately fomented rebellion within its borders. That Government has contrived laws to get around the Constitution that bound the Union together . . .

If the South again becomes an occupied country, as it was for 10 years after the Civil War, the U.S. Government will have its hands full . . . There is yet time for our people to come to their senses short of civil strife. We have grave doubts that the will can be found in Washington.

From the *Denver, Colo., Post*:

When an order of the United States District Court is flouted by citizens, individually and in groups, the effect of that defiance being to nullify what the judicial arm of the Federal Court construes to be the law, the nation is confronted by insurrection . . .

It makes no difference that the insurrection involves a handful of unarmed people. Their threat to the peace and dignity of Little Rock, Arkansas, to the welfare and security of children endowed by the court with the "right" to attend school, is logically a challenge to authorities of the state and local community. But that challenge was not met; and it became a challenge to the nation's whole structure of law.

The man who enflamed bigotry in Little Rock, and by posturing and resort to gross pretense incited the hysteria that resulted in insurrection, is the chief executive of the state, Orval Faubus. He has demonstrated his unwillingness and incapacity to control his evil forces which he helped generate . . .

So the question of just "who" sets prices could be expressed as "what" sets prices—and the what would be simply "competition."

Of course there is a "who" involved in competition. But it is not a simple "who" that can be made a simple scapegoat for energetic politicians. For the "who" behind competition is every consumer who has any money to spend and the desire to spend it.

Mr. Eisenhower delayed radical action as long as he could. He urged the authorities of Arkansas to translate into action their assurances of respect for and adherence to law. The President employed persuasion and reason to obtain Mr. Faubus' cooperation with the Federal Court—without success.

Had the authorities of Arkansas dealt swiftly and justly with leaders of a mob which raised the first obstacle to the enforcement of law in Little Rock there would have been no Federalization of the State Guard or the imposition of Federal troops in that state today. Nor has anyone from the President on down sought to impose on Little Rock a solution with respect to modest integration of that city's schools which the School Board of Little Rock, the municipal authorities there and presumably a majority of the community's sober citizens had not themselves earlier approved only to be stymied by their own Governor.

This is not, in other words, an act of unprovoked and irrational interference on the part of the President of the United States and Southern politicians will serve neither our own societies nor their country by trying to condemn it as such.

From the *Atlanta, Ga., Constitution*:

Any state which may have thought the Supreme Court could be ignored has had full warning.

In the South there is harsh and bitter criticism of the President which the speech will not allay. Many moderates, even, thought the President had made an error flying in Federal troops. Southern Governors, in convention at Sea Island, were shaken and angered . . .

One thing is clear. The South is paying a heavy price for its mobs and its demagogues who have fanned the fire . . .

While many may believe the President in error, or criticize him for having moved too far or too slowly, none can attack his insistence that we maintain law and put down mobs. The great mass of Southern people, while angrily opposed to the Court decision, have not participated in violence.

The South's leadership has in its ears one clear and clarion call to resolve the issue for their people in the American tradition. There is, God helping us, no other available way. And with the help of God, it can be done.

From the *Washington, D. C., Post and Times Herald*:

Americans may well shudder at the grim realization that Federal troops must enforce the law of the United States in Little Rock . . . But in the circumstances no President responsive to the duties of his office could have done anything else . . .

What is at stake in Little Rock is plainly the enforcement of the Constitution. The issue has moved beyond the question of desegregation of the schools or of the wisdom of the Supreme Court to the supremacy of the Federal Union. Once before this issue of supremacy was tested in the fratricidal struggle of 1861 to 1865. A faltering President, James Buchanan, had frittered in indecision when the challenge was first asserted. President Eisenhower must have been conscious of the failure of Buchanan when he moved to meet the present challenge through force after all other means of persuasion and conciliation had been unavailing.

To say this is not to say that the President should have left the Little Rock dispute to be decided by the mob. He is sworn to defend the Constitution of the United States and to execute the laws of the Union . . .

President Eisenhower has done what his oath requires him to do. The flation, North and South, White and Negro, will pay that the lawless minority will not persist in its program of disobedience, for lawlessness is contagious. All men of good will must hope

that the false declarations and the partisan-inspired acts of leading politicians have not made a prompt ending of the crisis impossible.

From the *New Orleans, La., States*:

Mob action—for whatever cause—must be deplored.

Such a position is axiomatic in a nation where law and order are fundamental to its way of life.

Accordingly, the recent mob action around the Central High School in Little Rock . . . must be condemned by all thinking people—regardless of their sentiments on the segregation issue . . .

That the controversy over segregation has flared to the point where in this day and age we see Federal troops marching into any state is a sad development in the internal affairs of the nation.

Quite probably, the mobsters who gathered around Central High School in Little Rock had little conception of the gravity of the situation they were creating.

They were doing what they thought was right. But they were doing it as a mob—not within the framework of law and order. That defiance has put them in an indefensible position. Had law and order not been ignored President Eisenhower would be lacking an excuse for sending Federal troops into Arkansas. The racial question would not have been made more tense.

For those who unthinkingly might let themselves be swept up into mob action—regardless of the cause—what has happened in Little Rock ought to be remembered. Not only is mob action deplorable; it doesn't solve problems.

From the *Boston, Mass., Herald*:

Governor Faubus was dead wrong when he attempted to stop Federally ordered integration in Little Rock by military force.

He was wrong again when he questioned President Eisenhower's authority to enforce the integration order by the same military means . . .

Yet wrong as Governor Faubus is and right as Judge Davies and the President are, we cannot but regret the showdown.

For violence rarely settles anything, whether it is the violence of a mob or the violence of a Government. In the long run segregation will work only if the South bows voluntarily to the national consensus. Where enforcement is substituted for consent in a whole area, democracy itself is threatened.

Could the Little Rock situation have been avoided? Obviously it could. Governor Faubus had elected to defend the law instead of attacking it . . .

It might have helped if Mr. Eisenhower had given Little Rock authorities another day or two to bring the situation under control. It is just possible that city and state police, working with non-Federalized Guardsmen might have stopped the violence and seen the Negro school children safely back to school, given more time. If so, it would obviously have been much, much better all around.

From the *Oakland, Calif., Tribune*:

When lawless mobs defy the United States Government, its courts and its President, then it is time for the supreme authority to assert itself . . .

While the majority of the White citizens of Little Rock and Arkansas are known to oppose integration, they do not condone violence and physical attacks on the constituted authorities. But the fact remains that lawlessness prevailed and the authority of the United States was thrown into disrepute by disreputable elements in the population.

Thus the President could take no other course, despite his previously expressed reluctance to use force in order to enforce the orders of a Federal court. He is sworn to uphold the Constitution, which can be interpreted by no higher authority than the Supreme Court. The challenge to the supreme law of the land had to be met. Otherwise, rebellion and insurrection might prevail . . .

The arrival of airborne Regular Army troops of the 101st Division in Little Rock should serve notice on any lawless, dissident elements bent on creating more trouble that the full force of national authority is being brought to bear . . .

The use of force, expressed or implied, in such situations is not a happy course but in this instance it is essential. The authority of the United States Government is at stake and any challenge to it must be met without equivocation or evasion. That the President is now doing and we are sure that the overwhelming majority of Americans uphold his course without reservation.

Troops admittedly are not a solution to the complex problem of racial equality in public affairs, but, as this situation has developed, they are a necessary step. Order is a prerequisite to any constructive effort, especially suppression of the lawless elements that have brought disgrace to the State of Arkansas.

From the *Little Rock, Ark., Arkansas Gazette*:

This is a tragic day in the history of the Republic and Little Rock, Arkansas, is the scene of the tragedy.

In one sense we rolled back our history to the Reconstruction era when Federal troops moved into position at Central High School to uphold the law and preserve the peace.

Yet there was no denying the case President Eisenhower made in solemn words.

Law and order had broken down here. The local police could not restore the peace with their own resources.

Governor Faubus had refused to use his state forces to enforce the law and instead had used them to defy the order of a Federal court—and in so doing had made this last, painful step inevitable.

And so the reckless course the Governor embarked upon three weeks ago has raised old ghosts and tested the very fiber of the Constitution. And, the greatest irony of all, he has by his acts and words dealt a major and perhaps lethal blow to the cause of

segregation which he purported to uphold.

We in Little Rock had perfected a plan to meet the Supreme Court's new racial requirements in our educational system gradually and largely on our own terms. The Federal courts had sustained us but now Mr. Faubus and the angry, violent and thoughtless band of agitators who rallied to his call may well have undone the patient work of responsible local officials.

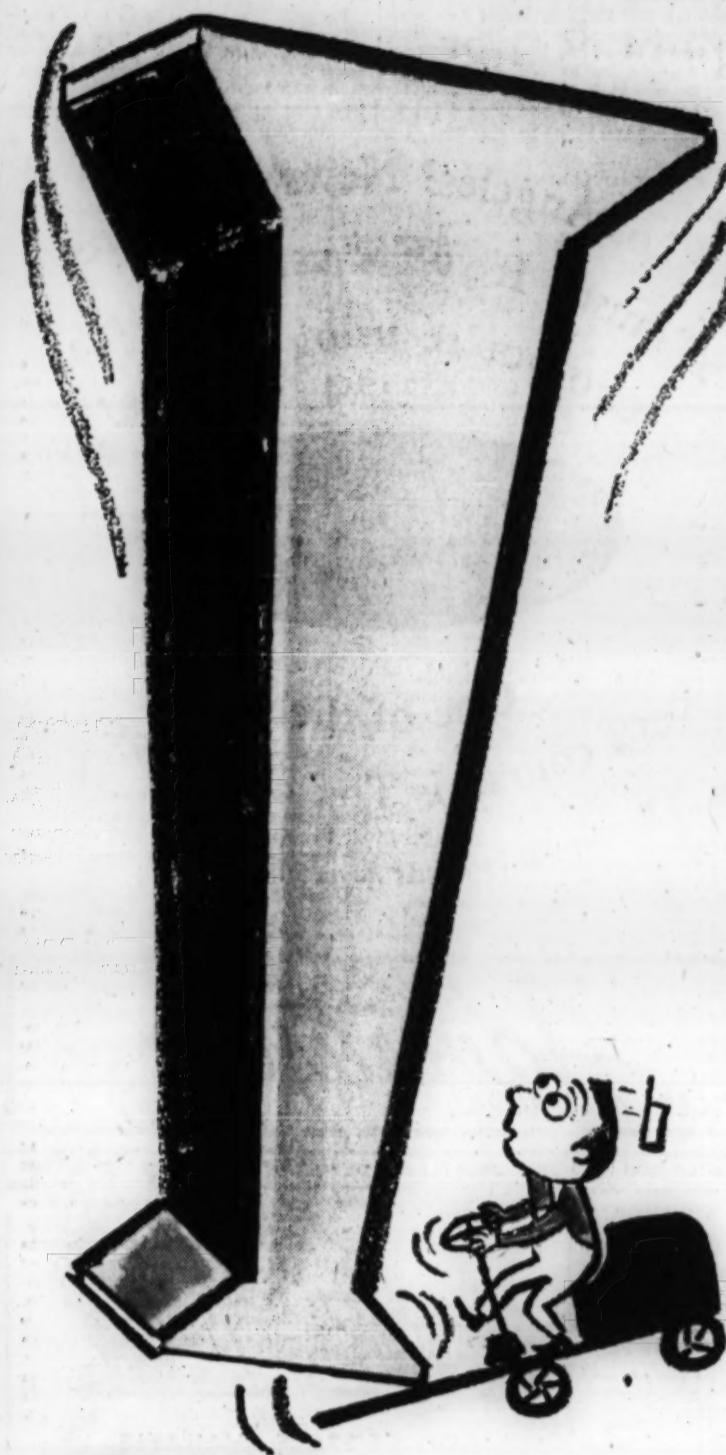
We can still hope that this will not be the case. Unhappy though it may be, the action of the President in using Federal force to restore order will in time also restore the calm that is essential to an orderly approach to any problem. In the days ahead we as a people will, we believe, regain our perspective and accept the clear course of duty.

That is the job for all of us now—to restore the peace and sustain the law.

From the *Memphis, Tenn., Commercial Appeal*:

Error having been compounded with error, violence on the streets of Little Rock has been added to mismanagement of the conflict over when and where the races are to be mixed in public school rooms . . .

Difficult as the situation was, and near as racial warfare was, the municipal police department had restored comparative quiet, then an ill-advised President ordered the United States of America to take over in Little Rock . . .



STEEL is growing in the best location in the nation!

In a short time, Northeast Ohio's steel capacity will reach 5,069,000 tons annually. That's 30 per cent higher than the area's 1955 capacity of 3,877,000 tons. Firms such as Jones & Laughlin and Republic Steel are now spending about \$142,000,000 on new facilities in Northeast Ohio. Here's why.

The Best Location in the Nation is ideally located for steel production. It's a low-cost meeting place for the steelmaking basics—iron ore, coke and limestone. The area is also at the center of the nation's largest market for metals.

Soon the St. Lawrence Seaway will make Northeast Ohio a center for export steel. Low-cost, all-water transportation will open up many new markets—create many new opportunities for Northeast Ohio business.

For detailed information about business growth potential in the Best Location, write Richard L. DeChant, Manager, Development Dept., The Cleveland Electric Illuminating Company, 85 Public Square, Cleveland, Ohio. Or phone CHerry 1-4200 collect.



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Berkshire Reopens 3 Cotton Mills; Dan River Unit to Curtail Output

Cone Mills Says It May Cut Denim Plant Work Week To Four Days

A WALL STREET JOURNAL News Roundup
Contradictory moves have been taken by two cotton cloth manufacturers.

At the annual meeting of the Northern Textile Association at Portsmouth, N. H., Seabury Stanton, president of Berkana-Hathaway, Inc., of Providence, R. I., announced reopening of three of its textile mills that make fine-grade cotton goods.

But Woodside Mills, Inc., a subsidiary of Dan River Mills, Inc., said through its New York selling agents, Iselin-Jefferson Co., that two of its three cotton print cloth mills would curtail production to five days from six a week.

Following these two developments Caesar Cone, president of Cone Mills Corp., Greensboro, N. C., maker of denims and cotton flannel, said he is considering reducing the work week at "one of our small mills" to four days a week from the present five.

Such a move by Cone Mills would follow curtailments in the coarse cloth field this week by Pacolet Manufacturing Co., which closed a mill and M. Lowenstein & Sons, Inc., which shut down its Lane Cotton Mills, Inc., unit.

Mr. Stanton said that, as a result of Berkshire's three plants being reopened, nine mills will be operating, six of which will be operating five days a week (including the reopened plants), one four days, two three days and the other two of its 11 units will remain closed, although on a stand-by basis.

One of the plants Berkshire-Hathaway re-opened is in Coventry, R. I., and the other

two are in Fall River, Mass.

Berkshire's president said that "we curtailed early this year because we saw inventories were increasing and the textile industry was heading into an unprofitable period." This curtailment, he said, "enabled us to carry out our modernization program at this time."

Mr. Stanton explained that "the curtailment throughout the industry has had the effect of reducing inventories substantially. In addition, production and demand in the cotton textile industry balance very closely when mills operate on a five-day basis and, as long as the industry continues at that general level, seasonal demands should create shortages which will result in a firmer general market."

The curtailment at Woodside Mills will result in five-day weeks in its cotton print cloth mills at Greenville and Fountain Inn, S. C. These two mills account for about 70% to 75% of Woodside's print cloth production.

An official of Iselin-Jefferson said that "we are following a pattern that seems to be shaping up in the industry."

So far this year similar action has been taken by such concerns as M. Lowenstein & Sons, Inc., the Ely & Walker division of Burlington Industries, Inc. and the Kendall Co.

The official at Iselin-Jefferson noted that the step was taken "mainly to reduce production of the (big volume) 80 square print cloth since a surplus seemed to be accumulating." He stressed, however, the fact that Woodside has "solid orders" which alone could keep Woodside in production for another "19 to 20 weeks working six days a week."

This official said that the curtailment would "perhaps" run a trial 80 to 90 days before any change was made, either to curtail production at Woodside's third print cloth plant or return the other two to a six-day week.

Automation in Processing of Bank Checks Expected to Become Reality in Two Years

BY LEE SILBERMAN

Staff Reporter of THE WALL STREET JOURNAL
ATLANTIC CITY — Electronic equipment that will enable banks to process checks automatically—long a goal of bankers—is expected to be available in two years, spokesmen for the American Bankers Association and leading electronic equipment makers said at the A.B.A. convention held here this week.

This is the first time officials of the two industries have made a firm estimate of when "check automation" would be ready.

With electronic equipment, checks would be processed automatically from almost the point of receipt until they were posted to individual accounts and statements sent out. This would result in the savings of millions of dollars and man-hours annually, bankers say.

So far a few hundred banks have installed or bought electronic bookkeeping machines—a few even, have computers on order—but the use of the machines is generally limited to keeping records of accounts. The half dozen other steps involved in handling checks, such as verifying them against deposit slips, and sorting, however, are for the most part, not automatic.

Representatives of major electronic equipment manufacturers made known at displays at the convention that they would be ready to install complete assembly lines of check automation units in about two years, after final decisions are made on certain technical specifications.

The system would use magnetic ink to print a series of code numbers on the bottom of checks. The magnetic ink could easily be "read" by the electronic equipment and would enable the system to handle checks regardless of size, shape or paper weight. The main decision to be reached is on the length of the line containing the magnetic digits and on the font, or shape, of these characters.

This decision should be reached by the A.B.A. within the next 60 days, said John Kley, executive vice president of County Trust Co., White Plains, N. Y., and chairman of the A.B.A. technical committee for mechanization of check handling.

The A.B.A. bank management commission decided two years ago that the code numbers will represent the identifying number of the depositor's bank—previously assigned by the Federal Reserve System, the individual's account number, the amount of the check and a transaction code.

Four basic units would generally make up an automated check-handling assembly line: An imprinter, to encode the magnetic ink data on the checks; a proof machine, to perform such receiving tasks as checking deposit slips with checks; a sorter, to distribute the documents in accordance with the bank's paper flow; and, finally, either a bookkeeping machine or computer, to keep the account.

After the system comes into wider use among banks, the bank's identifying number and the account number would be printed with magnetic ink on all checks before they were issued by the banks to their customers, spokesman said. It would then be necessary only to print the amount and type of transaction on the check later in magnetic ink.

The idea for the magnetic character recognition plan, which allows the magnetic properties of the ink to actuate the check handling equipment in somewhat the same manner that

magnetic materials are used to motivate data processing equipment, was adopted in cooperation with the Office Equipment Manufacturers Institute and Lithographers National Association.

Major equipment manufacturers, including Burroughs Corp., Remington Rand Univac division of Sperry Rand Corp., International Business Machine Corp., and National Cash Register Co., are also offering general purpose computers for banks to keep checking accounts and do other chores.

At the convention Burroughs displayed prototypes of the machines to be used in the magnetic ink automated system, as well as certain units already in production. A spokesman said the units were already equipped or could be modified to read magnetic ink characters.

A complete Burroughs check automation system, with computer, it's estimated, would cost about \$1 million.



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In Baltimore—it's the right bank

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Keith S. McHugh presents Vail Medal to Mr. Boese as young John Baumann adds his own special award.

Dramatic rescue of drowning boy wins telephone man top honor

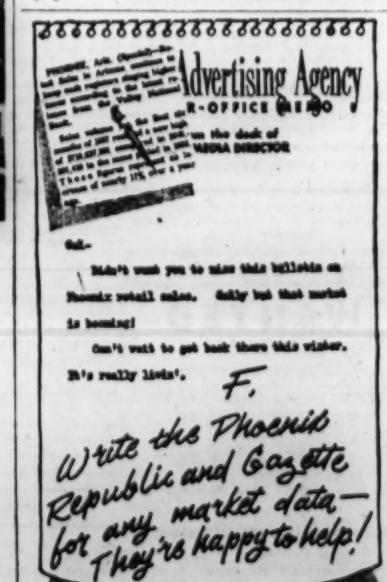
The highest honor that can be given a telephone employee, the Vail Medal, has just been awarded by the New York Telephone Company to cable splicer John Boese of New City, Rockland County for his rescue of 7-year-old John Baumann from drowning.

Boese's rescue of young Baumann took place May 25 at New City Park Lake, Rockland County. The boy had fallen into deep water and disappeared. Boese plunged into the lake to join the search. Time after time he dove into the cold, muddy water, refusing to give up, until finally he located the youngster lying unconscious on the bottom and brought him to shore.

Besides the medal, Boese has received another tribute of which he is extremely proud—a letter from the boy's parents. It says, in part: "Every time we tuck our boy into bed, we say to ourselves, 'Thanks again to Mr. Boese.'"

In presenting the Vail Medal, Keith S. McHugh, President of the New York Telephone Company, explained that it is given only for acts of outstanding initiative or courage—either on or off the job, or when telephone training is an important factor. Telephone man Boese's story is an unusual one. But what he has done typifies the "spirit of service" of telephone people everywhere.

NEW YORK TELEPHONE COMPANY



Treasury Rules Clients
Of Dow Jones Ticker
Must Pay Excise Tax

Levy of 8%, Effective November 1.
Reverses Exemption Order That
Was Issued in 1955

By A WALL STREET JOURNAL Staff Reporter

WASHINGTON — The Treasury has ruled that subscribers to the Dow Jones News Service must pay an 8% Federal excise tax on all charges made for the Service. The only subscribers exempt from the levy, the Treasury stated, will be newspapers, radio stations and other organizations which can claim a so-called "public press" status.

In a formal ruling, signed by Internal Revenue Commissioner Harrington, Dow Jones & Co., Inc., was ordered to include the tax on bills rendered its news service clients. Mr. Harrington's order is effective November 1. It was originally scheduled to be effective October 1, but the Commissioner yesterday agreed to delay the date by one month after Dow Jones cited the difficulty of putting the new order into effect on short notice.

Commissioner Harrington's ruling stated that the Treasury had "reconsidered" a prior ruling in August, 1955, which held that all subscribers to the Dow Jones News Service were, without exception, exempt from the excise tax. Technically this tax is levied on "wire and equipment service." The 1955 ruling was issued after the Treasury had raised questions as to the exempt status of the Dow Jones Service and had held a series of conferences with officials of the company. The now reversed

1955 ruling confirmed a similar favorable decision by the Treasury in 1940.

Statement by Dow Jones

By A WALL STREET JOURNAL Staff Reporter

NEW YORK — Bernard Kilgore, president of Dow Jones & Co., Inc., said that the issue of taxing subscribers to Dow Jones news was fully explored with the Internal Revenue Service only two years ago and I am at a loss to explain the action of the Commissioner in reversing a decision which was carefully reviewed by Treasury legal authorities at that time.

"In fact," Mr. Kilgore added, "the Dow Jones Service has not been considered subject to excise tax since 1940 when the Treasury made refunds to subscribers on taxes previously collected."

"We are fully convinced," Mr. Kilgore said, "that Congress never intended to levy a tax on news and that the language of the law reflects that position."

Counsel for Dow Jones explained that the company, being merely a collecting agency for the Treasury and not being itself liable for the excise tax, was barred from contesting the legality of Commissioner Harrington's ruling in court.

DuPont Reports Dull-Luster
Nylon Staple for Carpets

NEW YORK — DuPont Co. announced development of a dull-luster nylon carpet staple which will be made available to carpet manufacturers immediately.

A DuPont spokesman said the full staple is expected to be used in blends with bright-luster nylon staple, which has been in volume production since 1954. He said the dull staple gives greater versatility in blends and resists "shading" by footprints and cleaning.

DuPont expects carpets with the new staple will be available to the public in January. The dull staple will sell for about two cents a pound above the bright nylon staple, which is priced from \$1.20 to \$1.22 a pound, the company said.

Florida P.&L. Forecasts
Rise in '57 Net Despite
Mandatory Cut in Rates

Chairman Says Reduction Trims
Monthly Gain in Profits to
3½ Cents a Share From 5 Cents

MIAMI — Florida Power & Light Co.'s outlook is for a substantial increase in per share earnings this year over 1956 despite a \$4,700,000 reduction in rates ordered by the Florida Railroad and Public Utilities Commission, McGregor Smith, chairman said.

He said the utility probably would earn between \$3.10 and \$3.15 a share, up from \$2.59 last year. The record shows "an increase in net income each month greater than the decrease in rates ordered by the commission," he noted.

Mr. Smith credited the earnings gain to increased power consumption in the firm's service area. In the 12 months ended August 31 gross operating revenue was \$125,452,405, an increase of \$20,743,436 over the like 1956 period. Net increased at the rate of about five cents

per share per month during the first eight months of 1957. With the rate reduction, effective on September billings, the rate of increase is expected to drop to about 3½ cents per share per month. Although the company was reluctant to reduce its rates, it feels the new structure on the whole is better balanced and more equitable than the old," according to Mr. Smith.

The new structure allows Florida Power to earn a return of 6.98% on the rate base, a term used by the commission to describe the cost of plant and equipment and certain other capitalized items. This compares with an earnings limit of about 6.5% set by the commission in its previous rate case. Florida Power had contended that it should be allowed a return of 7.4% on its capital investment, because of rising interest costs and other increasing expenses. The rate base, figured by the company at \$334,870,000, was reduced by the commission's final order to \$302,404,378.

According to the commission the new rate return of 6.98% on capital will still give Florida Power & Light a greater rate of return than most utilities in the nation. "The staff's investigation reveals that 131 electric utilities in the United States for the year 1956 earned an average of . . . 5.8% on total capital," it said in its order. "We sincerely feel," it explained, "that Florida utilities must have better earnings

than the utilities of other states, especially during this period of the state's greatest growth and development."

Although Mr. Smith expressed fear when the rate reduction order was first published that it would impair the company's ability to obtain financing for its vast expansion program, he now says: "The net result of the

return allowed us to successfully complete its financing program."

Florida Power expects to go to the money market in November or December for about \$15 million to \$20 million. "We have not determined what type of security we will sell," said Mr. Smith.

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ditional bunks.

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Sacramento Utility Unit
To Market Bonds in '58
To Finance Dam Project

By a WALL STREET JOURNAL Staff Reporter

SACRAMENTO, Calif. — The Sacramento Municipal Utility District will begin the construction of its Upper American River Hydroelectric Project, September 28.

To finance construction a block of revenue bonds, the first to be sold, under an \$85 million bond authorization passed by district voters in 1955, will probably be marketed in 1958.

Financial consultants to the district report that revenues from the hydroelectric project are expected to be more than sufficient to meet maintenance expenses and bond service payments.

The Upper American River Project will include 10 dams, 23 miles of aqueduct tunnels and four powerhouses with a generating capacity of 206,000 kilowatts. Construction is expected to take from eight to ten years. Further revenue bonds will be sold as funds are needed.

Madison, Wis., \$4 Million Bonds Won by Halsey, Stuart

Best bid on \$4 million Madison, Wis., Metropolitan Sewer District securities came from a Halsey, Stuart & Co., Inc., account which offered 100.004 for coupons of 4%, 3.30%, and 3%.

Net interest cost on the borrowing was calculated at 3.048%. The bonds, general obligations of the district, were reoffered, subject to award, at prices that would yield 2.4% in 1961 out to 3.05% in 1974.

A syndicate headed by the Harris Trust & Savings Bank was awarded \$3 million Aurora, Colo., general obligation bonds maturing from 1959 to 1987.

The Harris group bested the bidding competition by offering par for 5%, 4%, and 4.10% coupons, ranging the net interest charge at 4.124%. At the reoffering the bonds were reoffered to investors at prices to yield 2.90% to 4.10%. Proceeds from the sale will finance extension and improvements in Aurora's water system.

A account balance of \$440,000 was reported left Thursday afternoon after the public reoffering of \$1,165,000 Manlius, Pompey, Dewitt, Cazenovia and Sullivan, N. Y., Central School

District No. 1 bonds by the purchasers, a Smith, Barney & Co. combination.

The Smith group took the bonds on an offer of 100.78 for 3.80% coupons. Prices on the school securities at the reoffering were scaled to yield 2.75% in 1950 out to 3.85% in 1986.

Cuyahoga County, Ohio, Plans To Market \$3,780,000 Issue

Cuyahoga County, Ohio, has \$3,780,000 various purpose bonds up for sale on October 14. Maturities on these obligations range from 1959 to 1973.

The Sequoia, Calif., Hospital District will market \$2.5 million securities on October 18. These bonds fall due 1959 to 1976.

Sewer bonds totaling \$2.2 million and maturing from 1959 to 1978 are slated to be offered October 18 by Springfield, Ill., Sanitary District.

On October 5 the University of North Carolina will offer \$2 million dormitory revenue bonds for the University of North Carolina College of Agriculture and Engineering and \$2 million dormitory revenue bonds for the University of North Carolina.

Whitestown, Marcy, Deerfield and Trenton, N. Y., Central School District No. 2 will receive bids for \$1,325,000 bonds on October 2. The obligations will be due from 1958 to 1983.

Various purpose bonds bearing a face value of \$1 million will be taken to market on October 2 by Weymouth, Mass. These bonds mature 1958 to 1988.

Missouri Assembly to Weigh Change in Interest Rates

JEFFERSON CITY, Mo. — The General Assembly will be called into special session next Monday to consider one change in the existing law affecting the sale of bonds under the \$75-million bond program.

No other business will be handled by the Assembly, which will vote on a change in the constitutional limit of 3% in interest on any state obligation and the statutory requirement that bonds could be sold at no lower than par value. The change will be requested because the state last week failed to obtain any bids on \$30 million of bonds.

Wetzel County, W. Va., Issue

Halsey, Stuart & Co., Inc., and associates were awarded \$1,228,000 school improvement bonds marketed by the Wetzel County, W. Va., Board of Education.

First National City
Of New York to Rent
In 2 Broadway Building

Canada's Discount Rate

Falls to 4.05% From 4.18%

OTTAWA — Bank of Canada's discount rate declined to 4.05% from 4.18% last week following the latest sale of treasury bills.

The new rate is the fifth consecutive reduction from the record 4.33% high reached August 22.

The discount rate is adjusted weekly on the basis of one-quarter of one per cent above the average yield on three-month treasury bills.

The bank sold \$125 million in treasury bills at an average yield of 3.80% on an average bid of 99.061. Average yield last week was 3.93%.

Proceeds from the new issue was 99.074 for a yield of 3.75%, while the low bid was 99.052 for a yield of 3.84%.

The issue is dated September 27 and matures December 27. A similar amount of treasury bills will be offered next week.

Treasury Asks Bids on Bills

WASHINGTON — The Treasury invited tenders for \$1.6 billion of 90-day Treasury bills for cash and in exchange for a like amount maturing October 3.

Tenders will be received at Federal Reserve Banks and branches up to 2 p.m. (E.D.S.T.) Monday, September 30. The new bills will be dated October 3 and mature January 2, 1958.

Merchant Fleet Declines

WASHINGTON — The Maritime Administration reported the U. S. merchant fleet included 1,102 active vessels of more than 1,000 gross tons on September 1, some 27 ships below the August 1 figure.

Burlington

CHICAGO — BURLINGTON & QUINCY RAILROAD (controlled by Great Northern and Northern Pacific Railway Companies) reports:

	1957	1956
Carried per share	56.04	57.00
August gross	23,154	23,130
Net operating income	1,324,202	2,444,386
B-Net income	1,394,144	2,422,699
months gross	187,455,278	164,847,968
Net operating income	10,223,493	11,962,983
B-Net income	10,223,493	12,612,139

*For eight months ended August 31, based on 1,708,391 shares of capital stock. b-After taxes and charges.

Store Sales Lag Behind '56 Levels

WASHINGTON — Department store sales across the country in the week ended September 21, lagged 4% behind year-earlier levels, the Federal Reserve Board reported.

The Boston District registered a drop of 13%, and New York and Philadelphia 11%. Lesser lags were reported from Cleveland, Richmond, Chicago, St. Louis and San Francisco. Only Atlanta, Minneapolis, Kansas City and Dallas were above 1956 levels.

Here is a district-by-district breakdown showing the percentage change from the corresponding period a year ago (based on total dollar amounts):

Federal Reserve District	One Week Ending Sept. 21	Ending Sept. 21	Sept. 14	Sept. 21
Boston	-13	-10	-7	
New York	-11	-2	-2	
Philadelphia	-8	-3	-2	
Cleveland	-7	-6	-1	
Richmond	-5	-2	-1	
Atlanta	-4	-4	-1	
St. Louis	+6	+2	+4	
Minneapolis	+8	+2	+4	
Kansas City	+7	+3	+4	
San Francisco	-1	+4	0	
U.S. Total	-4	+2	+1	
r- Revised				

r- Revised.

Prices of Recent Securities Issues

The original offering price and Street market are indicated below for recent issues of selected securities that are not listed on a principal exchange.

UTILITY BONDS
Offering

Issues	Price	Bid	Asked
Consol Nat G 5s	82.102	103	103%
Consol G&E 45/4s	87.100,185	102%	102%
Mich Wis Pl 61/4s	77.102,899	104%	105%
North States 5s	87.100	104%	105%
Pacific P&L 51/4s	87.100,714	103	103%
Pacific T&T 51/4s	80.102,387	104	104%
Publ Ser 41/2s	87.101,026	101%	101%
Puget SP&L 61/4s	97.103,459	106%	107%
Sou Cal Edis 41/2s	82.101,085	101%	101%
Sou Cal Gas 51/2s	83.101,807	105	105%
Tampa Elec 5s	87.102,358	102%	102%
Utah P & L 51/4s	87.102,29	102%	103%
Wisc Tele 41/2s	97.101%	98%	99%

OTHER BONDS

El Paso N G 51/4s	77.100	102%	103%
Gen Mts A C 5s	77.974	102%	102%
King of Bel 51/2s	72.974	97%	97%
Lehigh Cem 41/2s	79.100	101%	102%
Sprey Rand 51/2s	82.100	101	101%
Tex E Trans 51/2s	77.99	100%	101%

PREFERRED STOCKS

El Paso Nat G 6.40s	100	102	102%
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THE COLUMBIA GAS SYSTEM, INC.

Public Invitation for Bids for the Purchase

Financing Business

Dayton Power \$25 Million Issue Planned for November

DAYTON — Dayton Power & Light Co. plans to offer for sale in early November \$25 million of 30-year first mortgage bonds, Kenneth C. Long, president, announced. The sale will be open to competitive bidding.

Proceeds will be used to repay temporary loans and defray a part of the cost of the 1957-58 construction program.

C. & O. Road Sells \$4,500,000

Issue at 4.47% Interest Cost

NEW YORK — Chesapeake & Ohio Railroad awarded \$4,500,000 of equipment certificates to Halsey, Stuart & Co., Inc., and associates on a bid of \$9,229 for 4%. Net interest cost to the road was 4.47%.

Salomon Bros. & Hutzler also bid for the certificates, offering 99.177 for the same 4.47% coupon.

Retail response was reported "fair" at re-offering prices scaled to yield from 4.25% for June 1, 1958, maturities out to 4.40% on June 1, 1972.

Proceeds of the sale will be used to finance 80% of a freight car and diesel locomotive purchase.

Walworth Files \$8 Million Convertible Debenture Issue

WASHINGTON — Walworth Co. placed \$8 million of 6% convertible subordinated debentures in registration with the Securities and Exchange Commission.

The New York City company reported it plans to market the issue, due 1979, publicly through an account led jointly by Paine, Webber, Jackson & Curtis, Butcher & Sherrerd and Townsend, Dabney & Tyson. Part of the proceeds would be applied to the retirement of bank loans, expansion and loans to subsidiaries.

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Commodities

Price Trends of Tomorrow's Meals and Manufactures

Most Futures Rally on Short Covering; Declines Are Recorded in Cocoa, Wool and Hides

Cocoa, wool and hide futures were exceptions to the higher trend in commodity futures markets yesterday.

Covering was attracted to most markets following recent price declines. In addition, dealers reported a let-up in liquidation, with hedging also light.

Cotton futures, after early declines of as much as 30 cents a bale, rallied near the close paced by buying in the nearby October contract which disclosed limited offerings. Cotton prices at New York closed 35 cents to \$1.30 a bale higher.

Trade buying and short covering accounted for gains of slightly more than 1 cent a pound for New York rubber futures. At London rubber prices gained almost 1 cent a pound, with the advance at Singapore ranging to 1 cent a pound.

Copper futures at New York moved up almost 1 cent a pound on buying influenced by firmness at London where prices gained slightly more than 1 cent a pound.

Brazilian, buying and short-covering absorbed light offerings in coffee futures. Prices at New York closed 1/2 to 1 cent a pound higher.

The grain list was mostly higher, although profit-taking and hedging paved best levels at the close. Predictions of frost over northern and midwestern sections of the soybean and corn producing areas accounted for early gains. At the close soybeans at Chicago were up 1/2 cent a bushel but corn futures finished irregular and off 1/4 cent to 1/2 cent a bushel.

Chicago wheat futures were steady and up 1/2 to 1 cent a bushel. Firm cash markets and limited receipts bolstered futures prices.

Vegetable oils and lard recovered on short covering. Cottonseed oil futures gained 1/2 cent a pound with lard futures up slightly more than 1/4 cent a pound.

Nearby deliveries of cocoa futures declined the daily limit of a cent a pound early in the session but recovered part of the loss at the close. Weakness reflected lower prices at London and uncertainty in the trade that gains registered for cocoa prices in recent months can be maintained. In addition, reports from current cocoa industry meetings in Nigeria indicated to traders that any idea of a world stabilization program for cocoa is a long way off.

Higher

Wheat—Up 1/2 to 1 cent a bushel at Chicago. Minneapolis was off 1/2 to up 1/4 cent, with Kansas City up 1/2 to 1 cent.

Rye—Up 1/2 to 1 cent a bushel at Chicago. Winnipeg was off 1/2 cent up 1/4 cent.

Oats—Up 1/2 to 1 cent a bushel at Chicago. Minneapolis was off 1/2 cent with Winnipeg up 1/4 cent.

Soybeans—Up 1/2 to 1 cent a bushel at Chicago.

Soybean Oil—Up 5 to 7 points at Chicago.

Cottonseed Oil—Up 9 to 12 points at New York.

Lard—Up 1 to 7 points at Chicago.

Coffee—Up 10 to 30 points at New York.

Sugar—World contract, unchanged to up 8 points. Domestic contract was off 1 point.

Onions—Up 4 to 6 cents per 50 pounds at Chicago.

Rubber—Up 30 to 45 points at New York.

LEADING HITS of BROADWAY

"SWEETHEART OF A MUSICAL COMEDY"—Kerr, Herald Tribune

JUDY HOLLIDAY in

BELLS ARE RINGING

A NEW MUSICAL

SHUBERT THEA., 226 W. 44th St., Cl. 6-5900. Evening at \$3.00. Mats. Wed. & Sat. 2:30.

BROADWAY'S LONGEST RUNNING HIT!—3rd Year!

DAMN YANKEES

THE SMASH HIT MUSICAL

Air-cond. ADELPHI Thea., W. 44th St., Ju. 6-3787. Evening at \$3.00. Mats. Wed. & Sat. 2:30.

ETHEL MERMAN ROCKS BROADWAY IN HAPPY HUNTING!—Atkinson, Times

ETHEL MERMAN in

HAPPY HUNTING

FERNANDO LAMAS

Air-cond. MAJESTIC, W. 44. Mats. Wed. Sat.

ONE OF THE BEST MUSICALS OF THE CENTURY!—Atkinson, Times

REX HARRISON in

JULIE ANDREWS

IN CRITICS' PRIZE MUSICAL

MY FAIR LADY

Mail Order. Filled. Eves. 8:30. \$8.05. 7:50. 8:40. 8:55. 9:45. 10:30. 11:15. Mats. Wed. & Sat. 2:30. **ETHEL MERMAN in**

COLUMBUS

—Coleman, Mirror

Gwen Verdon

Thelma Ritter

in the New Musical

NEW GIRL IN TOWN

Air-cond. 46th ST. THEA., W. 44th St., Cl. 6-4271. Eves. at 8:30. Mats. WED. & SAT. at 2:30.

HIGHLY AMUSING COMEDY!—Baron, A.P.

TOM EWELL in

THE TUNNEL OF LOVE

JORDAN BENTLEY KATE LYDER AIR-cond. ROYALE, 242 W. 45th St., Cl. 5-5780. Eves. at 8:45. Mats. WED. & SAT. at 2:45.

AMUSEMENTS

RADIO CITY MUSIC HALL

Rochester Center + Cl. 6-4600

"THE PAJAMA GAME"

Starring DORIS DAY

JOHN RAFTI + CAROL HANNETT

A Warner Bros. Picture in WALTER COLOR

and SPLENDID STAGE PRESENTATION

THE JOKER IS WILD

VISTAVISION

CAPITAL

8:45 & 11:15

NEW YORK GIANTS

Stadium, 41st Street, Day—2:00 P.M.

Ladies 80¢. Admission

Sunday—8:00 P.M.

PITTSBURGH VS. GIANTS

TOMORROW—Sunday—Day—2:00 P.M.

Ladies 80¢. Admission

Sunday—8:00 P.M.

GIANTS

POLO GROUNDS

NEW YORK WOOL TOPS

Oct. 15. 175.0 174.5 174.30 — 2.8 196.5 151.5

Dec. 175.3 175.5 174.5 — 2.6 196.0 152.0

Mar. 175.0 175.5 174.5 — 2.6 196.0 152.0

May 172.8 172.9 171.2 171.90 — 2.4 193.4 154.5

July 170.0 170.2 170.2 170.2 — 2.5 191.3 168.5

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AMERICAN STOCK EXCHANGE MOST ACTIVE STOCKS

Five Domestic Stocks:	Shares	Closes	Chgs.
Tri-Corps	22,200	146	-16
Options Co.	1,000	150	+10
U.S. Fertil.	8,900	145	+8
Alleg. Co. wt.	8,100	50	+5
Webb & Co.	7,300	13	-26

Five Foreign Stocks:

Cub. Van Oil	19,100	116	-
Pass. Pet. Ltd.	18,800	120	+10
Pass. Pet. Ltd.	12,500	50	+5
Can. So. Pet.	12,400	13	-26

American Stock Exchange Transactions

Thursday, September 26, 1957

VOLUME, 650,000 SHARES

SINCE JANUARY 1

Total sales 1,997 1,854 1,855 New highs, 1957 58

160,181,149 175,765,976 174,364,839 New lows, 1957 58

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Chrysler's 1958 Models to Keep Tall Tail Fins, Add New Features

"Auto-Pilot" to Be Offered: Colbert Says Industry's '58 Sales May Top 6 Million

By a WALL STREET JOURNAL Staff Reporter
MIAMI BEACH—Chrysler Corp.'s cars for 1958 will continue to feature tall tail fins, but there are new features:

Double headlights are standard on all models; V-8 engines have been redesigned and will be offered more widely; an "auto-pilot" has been added; a shorter wheelbase Chrysler model has been put in that line in a move to widen penetration of the medium-price field.

The auto-pilot, one of several innovations disclosed here at a press preview of the company's 1958 cars and trucks, aims to hold the car automatically at a predetermined cruising speed on the open highway without the driver's foot on the accelerator. The auto-pilot is released immediately, Chrysler says, by pressure on the brake and can be "over-ridden" by pushing down further on the gasoline pedal.

At the preview, attended by about 300 members of the press, L. L. Colbert, Chrysler president, said retail sales of new cars will probably total about six million in this country this year and "may rise above the six million mark" in 1958.

Earlier, he commented that Chrysler now holds between 20% and 21% of the domestic retail car market and it hopes to consolidate its position through the remainder of the year. The company's market share improved in August, a company spokesman said, from the better than 19% during the first seven months of this year.

Styling Little Changed

In style, the cars were little changed on the exterior but for details around the grilles and tail-lamps. As it had indicated it would, the company obviously has decided to go along with its highly successful "forward look" for another year with little alteration.

William C. Newberg, group vice president, said Chrysler spent \$40 million to design, develop and tool up for its new engines, which will be introduced on Plymouth, Dodge and DeSoto lines. The 1958 DeSoto will have V-8 engines in two sizes as standard equipment. A second engine is optional on all Plymouth models, a third is optional on all Dodge cars and a fourth is optional on all Dodge cars with the exception of the highest-priced Custom Royal series, where it is standard.

Horsepowers will not be disclosed until five lines of cars are shown to the public during the period from October 23 to October 27.

Prices of the cars also will not be announced until later, but an extension of the Chrysler division further downward into the medium price field is indicated by a new Windsor series on a shorter wheel-base. The new Windsor, which is the lowest priced car in the Chrysler division line, will have a 122-inch wheel-base, compared with 128 inches last year.

Another change in the Chrysler line is the

introduction of nine-passenger station wagons in the Windsor and New Yorker series, and the dropping of six-passenger wagons in these two series and a four-door wagon in the Saratoga series. Thus, there will be no station wagons in the 1958 Saratoga series. The only other change in the body style offerings is the addition of a fourth convertible to the DeSoto line, in the lowest-priced Firesweep series.

No Spares on Some Wagons

Double-walled tires will be standard on DeSoto and Chrysler nine-passenger station wagons for 1958, eliminating the spare tire. Dodge, DeSoto, Chrysler and Imperial will offer this type of tire as optional equipment on other models.

Chrysler's large, 11-square-foot windshield, which curves back into the car roof, will be available this year on Dodge, DeSoto and Chrysler hardtops. Last year, it was offered only on the Imperial and on all convertibles, as it will be again this year.

Standard on all V-8 engines this year will be a choke and carburetor combination which the company says results in greater fuel economy during warm-up and start-and-stop driving. According to P. C. Ackerman, vice president and director of engineering, the new system resulted in three more miles a gallon on short trips in engineering tests.

Chrysler will offer a non-slip differential, designed to eliminate wheel spinning in mud, snow or ice as optional equipment on all cars. Other accessories include a rear window defroster, a windshield washer that squirts four streams of water instead of two, and electric door locks, which will be available for the first time on Imperials only.

Mr. Colbert's estimate of the 1958 market is relatively conservative as such predictions go. Last year, auto industry officials were commonly predicting that sales would rise to 6,500,000 in 1957 from the 5,900,000 in 1956.

Mr. Colbert commented that "taken as a whole, the industry is having a good year, and I expect the overall opportunity for our business to be definitely brighter in 1958 than in 1957." He noted that if his prediction is fulfilled, 1958 would be only the third time that car sales have risen above six million a year. The other years were 1955, when they hit a record 7,100,000, and in 1950, when 6,300,000 cars were sold.

The Chrysler president said the company expects to spend \$130 million next year for capital expansion, excluding special tooling. That is the same figure that he estimated is being spent this year. Earlier reports had placed Chrysler spending in both years at about \$125 million.

Mr. Newberg said that registrations of Chrysler passenger cars in the 100 leading U.S. metropolitan areas totaled 451,739 during the first seven months of 1957, an increase of 26% over the 357,733 of the like period last year. He said that registration figures for August, still incomplete, indicate that sales improved further during that month.

Field stocks of Chrysler Corp. cars are in "highly satisfactory" condition as the company approaches the introduction date of new models, Mr. Newberg said.

Ford Aide Sees Initial Output of '58 Models Near Year-Ago Rate

Another Economist Tells Portsmouth Meeting Recovery in Textiles May Come in '58

By a WALL STREET JOURNAL Staff Reporter
PORTSMOUTH, N. H.—Auto producers expect to start production of 1958 model cars at levels comparable to the production rate at the start of the 1957 model run, a Ford Motor Co. official indicated.

George P. Hitchings, manager of Ford's economic analysis department, said Ford's present expectation is that industry-wide auto production in November will be at least as high as in the like month last year, when Detroit's assembly lines turned out an average of 158,000 cars a week. December production is expected to be high, too, he said, but probably not quite as high as the 166,000 cars turned out weekly in December, 1956.

The economist explained that auto production last December was boosted to an unusual extent because a shortage of new cars had developed among dealers at the start of the 1957 models' selling season.

However, Mr. Hitchings, in his speech to the Northern Textile Association meeting here, stressed that these predictions are highly tentative. They are based on present indications of demand, before many 1958 model cars have been introduced and before all model changes have been completed, he emphasized, and production scheduling could change rapidly if signs point to any changes in expected demand.

Asked after the meeting if his predictions meant Ford expects strong demand for 1958 models, Mr. Hitchings said, "I will say at least that we expect no trouble" in selling the new cars. Mr. Hitchings' talk was made at a panel discussion on the problems of balancing production and consumption in various industries.

Lewis Haney, economist and consultant to Chicopee Manufacturing Co., textile division of Johnson & Johnson Co., said the textile industry may not show much recovery from its 1956-1957 slump until after the turn of the year. He added that it is "doubtful" how big an upturn will be when one does develop.

As indications favorable to an upswing Mr. Haney cited high retail apparel sales and some strengthening of cotton mill profit margins due to a weakening in the raw cotton market. But cloth inventories in the hands of the mills themselves are still too high, he said, indicating that textile production has not yet been curtailed enough. New inventories of print cloth yard goods, an important group of cotton fabrics, are at the "danger point" when they stand above 200 million yards, he said, and mill inventories in August were about 250 million yards.

In addition, Mr. Haney said mills' unfilled orders "are still high enough to be troublesome." In the textile industry, he contended, a high unfilled order position "isn't always something to wave your hats in the air about" because it may reflect nothing more than speculative buying by customers and sales on excessively easy credit terms by mills. He said he believed this was what probably had happened during brief surges of cloth buying last October and in May.

Output of 1957 Autos To End Monday as Ford Completes Run

Production to Hit Year's Low This Week; 1 of 3 Strikes at GM Is Settled

By a WALL STREET JOURNAL Staff Reporter
DETROIT—Production of 1957 passenger cars will end Monday, when Ford Motor Co. closes the last of its Ford division plants for model changeover.

Only one Ford plant, at Atlanta, Ga., is scheduled to work Monday. Ford division began closing its assembly plants yesterday when its plants at Mahwah, N. J. stopped assembling cars. All other Ford division plants will be down by this weekend for model changeover.

Ford's Mercury division plants began phasing out of production last week, and its Metuchen, N. J., plant closed yesterday. This division expects to start producing 1958 models by Wednesday of next week.

Industry output this week will slip to an estimated 51,125 cars, a low for the year. Last week's production was 52,345 cars. Production this week, however, still is about 19% above the 43,127 cars assembled in the like year-ago week.

Total output for the year to date for all producers is 4,671,908, up about 10% over the 4,235,196 built in the comparable period last year.

General Motors Co. announced yesterday that one of the three strikes in its plants had been settled. Production of 1958 Buick, Oldsmobile and Pontiac cars has been delayed because workers in plants in Mansfield, Ohio, Muncie, Ind., and Marion, Ind., walked off their jobs. Subject to approval by union members, G.M.'s Fisher Body division made an agreement with Local 549 of the United Auto Workers and ended an eight-day walkout at the Mansfield plant. This plant stamps parts for the Buick-Oldsmobile-Pontiac assembly division.

Full production is expected to resume at

the Mansfield plant by tomorrow, the company said. It added that operations in plants affected by the dispute are expected to resume when an adequate supply of parts could be produced and shipped from the plant.

A G.M. spokesman said more than 28,000 hourly rated workers were idled in the Fisher Body, Buick Motor and Buick Oldsmobile-Pontiac Assembly divisions as a result of the walkouts. The company is still negotiating with labor officials at the two Indiana plants.

Output by the Ford division will total an estimated 28,436 cars this week, compared with 30,873 last week. That division's Dearborn, Mich., plant will work tomorrow. The Mercury division will build an estimated 870 cars in its Metuchen plant, against a total of 4,063 for the division last week.

The Edsel division announced it will phase out of production of 1958 Edsels at the Somerville, Mass., Ford plant, where only one of the division's four lines had been made. Edsel production there, the company said, will be absorbed at plants in Wayne, Mich., where facilities have been expanded, and Los Angeles, which began Edsel output the beginning of this month. Three other plants, at Mahwah, N. J., Louisville, Ky., and near San Jose, Calif., also will assemble the cars. Production this week will drop slightly to an estimated 4,525 from 5,173 last week.

Chrysler Corp. continued to accelerate production of its 1958 models. Its Plymouth division will build an estimated 6,000 cars this week compared with last week's output of 5,985.

Studebaker-Packard Corp. began assembly of 1958 Packard cars, assembling two this week. The company estimates 2,000 Studebaker cars will be built this week, compared with 1,761 assemblies last week.

	This	Last	Yr. ago	To date— Weeks
Ford	28,436	30,873	23,382	1,185,184
Plymouth	6,000	5,985	5,180	518,725
Edsel	4,525	5,173	0	42,609
DeSoto	1,761	1,967	2,000	225,329
Mercury	0	1,287	1,287	138,886
Studebaker	2,000	1,781	1,579	55,819
DeSoto	1,800	1,863	0	69,743
Cadillac	0	2,063	0	186,859
Nash	460	344	403	11,678
Chrysler	350	192	0	92,954
Hudson	200	147	327	1,513
Lincoln	100	100	28	3,453
Packard	2	0	4,626	12,875
Cadillac	0	2,992	0	110,911
Chevrolet	0	829	0	1,124,495
Dodge	0	0	1,288	288,375
Glenn	0	0	8	341,988
Pontiac	0	0	4,603	262,817
TOTALS	31,123	32,365	43,127	4,671,908
<i>r-Revised.</i>				
<i>x-Totals</i>	<i>31,123</i>	<i>32,365</i>	<i>43,127</i>	<i>4,671,908</i>
<i>x-Includes</i>	<i>428</i>	<i>Continental cars in 1957</i>	<i>4,235,196</i>	<i>in 1956.</i>
<i>x-Includes</i>	<i>13</i>	<i>Continental cars</i>	<i>4,235,156</i>	

Net for Consolidated Freightways for 1957 Expected to Top 1956

By a WALL STREET JOURNAL Staff Reporter
MENLO PARK, Calif. — Consolidated Freightways, Inc., expects to report improved earnings for 1957. Per share earnings "might be as low as \$1.85 or as high as \$2," J. L. S. Sneed, Jr., president, said. He estimated net income at "not over \$2,500,000 or under \$2,250,000."

Consolidated reported net income of \$2 million or \$1.68 a share on total revenues of \$63.3 million in 1956. Mr. Sneed said Consolidated "would just about get" to its previously announced goal of \$80 million in total sales for 1957.

Consolidated, using a new accounting sys-

tem, reported net earnings of \$1,168,000, or 22 cents a share, for 1957 through August 10. Mr. Sneed said, "We are at our seasonal peak earnings period right now."

Expenditures for fleet additions and replacements will total about \$5 million this year. Mr. Sneed said, and probably about \$4 million in 1958. "Our fleet will be pretty well completely modernized by the end of this year. . . . Our replacement problem is pretty well over to take advantage of changes in size and weight laws," he explained. He said the average age of Consolidated's equipment, which now totals some 6,000 units, has been reduced to two years through replacements and additions.

Consolidated now has a total of 15 applications, six of them involving the purchase of Eastern carriers, pending before the ICC. The company does not anticipate a decision on its Eastern applications, which would involve a sizable addition in gross revenues, "before the end of 1958," Mr. Sneed said.

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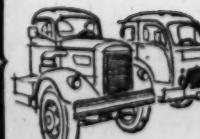
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